Environment and Parks

Annual Report
2016-2017

Alberta
Government

Note to Readers:
Copies of the annual report are available on the Environment and Parks website at:
http://aep.alberta.ca/about-us/corporate-documents/default.aspx or by contacting:

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Environment and Parks promotes environmental conservation, sustainable management of the province's natural resources and seeks to more effectively use resources and reduce waste. The printed version of this report is produced on 100% post-consumer fibre.

ISBN 978-1-4601-3246-3 (Print)
ISBN 978-1-4601-3247-0 (PDF)
ISSN 2371-0969 (Print)
ISSN 2371-0977 (Online)

June 2017

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Environment and Parks contains the minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the Environment and Parks ministry business plan. This ministry annual report also includes:

- **the financial statements of entities making up the ministry including the Department of Environment and Parks, regulated funds, and provincial agencies for which the minister is responsible;**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **financial information related to trust funds.**

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2017, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions at June 6, 2017 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Shannon Phillips]

Honourable Shannon Phillips
Minister of Environment and Parks

Message from the Minister

As Minister of Environment and Parks and Minister responsible for the Climate Change Office, I am proud of this government's work as a steward of our land, air, water and biodiversity.

The past year was fundamental to building many of the plans that will move us forward on responsible resource management. Building partnerships and working with Indigenous peoples and stakeholders toward this common goal is a testament to the importance of maintaining and enhancing our invaluable environmental resources.

Through the newly established Office of the Chief Scientist for this Ministry we are committed to building capacity to enhance science-informed decision making, respecting the important role of both scientific credibility and Indigenous knowledge systems in improving our understanding of the environment.

Everyone should have the opportunity to share in our landscapes. As our population increases, it is imperative that we strike a balance between competing demands on our parks and public lands. This was the driving force to create the new Castle Provincial Park and expanded Castle Wildland Provincial Park.

We continue to lead the way in protecting the ecological diversity and natural beauty that makes this province a great place to work, play and live. Our species at risk program continues to ensure that future generations will be able to experience the wide range of plants and animals that we enjoy today.

I am proud of the swift action we took to protect fish populations in the face of Whirling Disease in the Bow River watershed. Our Whirling Disease Action Plan ensures continued testing, strong public education and monitoring will mitigate risks and help prevent the spread of the disease.

As a result of our integrated approach to responsible resource management, we are creating jobs and diversifying the economy by investing in green jobs and renewable resources. Alberta is poised to be a world leader in sustainable energy production, as well as a leader in responsible use of oil and gas resources.

We have been proactive in combatting climate change and extreme weather events by investing in resiliency projects to protect communities and the economy, and in doing so have made life better for Albertans and positioned Alberta as an environmental leader through the work done by the Climate Change Office.

From taking action to end harmful coal pollution to growing the renewable energy sector to supporting jobs to cutting taxes for small business, action has been broad and focused on creating jobs, lowering emissions, and managing our natural resources wisely. Alberta's action on climate change is making a difference here at home and helping to change perceptions about Alberta around the world. It's also being noticed here at home, where public uptake on the programs and initiatives launched over the past year has exceeded our expectations. It's clear that Albertans welcome the leadership we have shown.

Together, we can conserve Alberta's natural beauty and demonstrate our commitment to supporting our rich biodiversity for future Albertans.

[Original signed by Shannon Phillips]

Honourable Shannon Phillips
Minister of Environment and Parks

Management's Responsibility for Reporting

The Ministry of Environment and Parks includes:

- Department of Environment and Parks,
    - Environmental Appeals Board,
    - Surface Rights Board,
    - Land Compensation Board,
    - Public Lands Appeal Board,
    - Land Use Secretariat,
    - Alberta Climate Change Office,
- Climate Change and Emissions Management Fund,
- Energy Efficiency Alberta,
- Land Stewardship Fund, and
- Natural Resources Conservation Board.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Environment and Parks. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – outcomes, performance measures and related targets match those included in the ministry's Budget 2016.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board, the Minister of Finance and the Minister of Environment and Parks the information needed to fulfill their responsibilities; and

- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by Andre Corbould]

Deputy Minister Andre Corbould
Deputy Minister of Environment and Parks

May 15, 2017

[Original signed by Eric Denhoff]

Deputy Minister Eric Denhoff
Deputy Minister of Climate Change Office

May 15, 2017

Results Analysis

Ministry Overview

The Ministry of Environment and Parks (the ministry) consists of the Department of Environment and Parks (the department), the Climate Change and Emissions Management Fund (CCEMF), Energy Efficiency Alberta (EEA), the Land Stewardship Fund (LSF) and the Natural Resources Conservation Board (NRCB). Within the department's budget, funding is provided for the Land Use Secretariat, the Surface Rights Board, the Land Compensation Board, the Environmental Appeals Board and the Public Lands Appeal Board. The Alberta Climate Change Office functions within the ministry to implement Alberta's Climate Leadership Plan in collaboration with other ministries.

Six delegated administrative organizations which operate outside of government and are accountable to the minister are the Alberta Conservation Association, Alberta Professional Outfitters Society, Alberta Recycling Management Authority, Alberta Used Oil Management Association, Beverage Container Management Board, and Emissions Reduction Alberta.

All associated agencies, boards, commissions and delegated administrative organizations are undergoing a review to ensure maximum benefit for Albertans. The first phase of the review included 135 public agencies subject to the *Alberta Public Agencies Governance Act (APAGA)*. As of April 5, 2016 it was announced that 26 agencies would be amalgamated or dissolved. Phase 2 began in March 2017 and focused on the 146 agencies not subject to APAGA. The third and final phase, expected to begin in 2017-18, will focus on Alberta public post-secondary institutions.

The ministry's authority to carry out its mandate is primarily based on the *Alberta Land Stewardship Act*, *Black Creek Heritage Rangeland Trails Act* (pending proclamation), *Boundary Surveys Act*, *Climate Change and Emissions Management Act*, *Climate Leadership Act*, *County of Westlock Water Authorization Act*, *Drainage Districts Act*, *East Central Regional Water Authorization Act*, *Environmental Protection and Enhancement Act*, *Expropriation Act*, *Fisheries (Alberta) Act*, *Forest Reserves Act*, *Government Organization Act*, *Hunting, Fishing and Trapping Heritage Act*, *Mines and Minerals Act (Part 8)*, *Natural Resources Conservation Board Act*, *North Red Deer Water Authorization Act*, *Oil Sands Emissions Limit Act*, *Provincial Parks Act*, *Public Lands Act*, *Recreation Development Act*, *Responsible Energy Development Act*, *Surface Rights Act*, *Surveys Act*, *The Bighorn Agreement Validating Act*, *The Brazeau River Development Act*, *Water Act*, *Wilderness Areas, Ecological Reserves, Natural Areas and Heritage Rangelands Act*, *Wildlife Act*, *and Willmore Wilderness Park Act*.

Environment and Parks

Andre Corbould, Deputy Minister

The Department of Environment and Parks is charged with protecting and conserving Alberta's air, land, water and biodiversity, and managing Alberta's provincial parks and protected areas systems. The department also manages facilities, programs, infrastructure and access to public lands to provide places for people to experience the beauty of nature, enjoy recreational activities and learn about the province's natural heritage while protecting it for future generations. The department supports economic diversification through a green economy that will improve social well-being while significantly reducing environmental risks and ecological scarcities.

The department addresses public safety and environmental and economic impacts from environmental emergencies through prevention and intervention measures. It also assures public safety by regulating drinking water facilities that require an approval or registration under the *Environmental Protection and*

Enhancement Act. The department plays a role in protecting Albertans through the mitigation of climate change and the improvement of resilience and adaptation measures.

The Department of Environment and Parks consists of six divisions: Corporate Services, Environmental Monitoring and Science, Operations, Parks, Policy and Planning, and Strategy, supported by Communications, Human Resources and Legal Services.

Corporate Services
Tom Davis, Assistant Deputy Minister

Corporate Services Division provides leadership for departmental business processes and approaches, integrated and coordinated support services and financial operations for both Environment and Parks and the Alberta Climate Change Office. The Division also manages informatics, data and information science, information technology, records, corporate responsibilities and maps out key directions and priorities.

Environmental Monitoring and Science
Dr. Fred Wrona, Chief Scientist

Environmental Monitoring and Science Division provides credible, scientific provincial ambient environmental monitoring, evaluation and reporting; presented in an open, timely, and transparent manner that respects and intertwines community and Indigenous knowledge systems. This includes information necessary to understand cumulative effects, and to inform the public, policy makers, regulators, planners, researchers, communities and industry.

The role of environmental monitoring and science is to provide proactive, objective reporting of scientific data and information on the condition of Alberta's environment including baseline environmental monitoring; cumulative effects monitoring; data evaluation and management; condition of environment reporting in all regions of Alberta; and credible data, evaluation, knowledge and reporting to inform policy and regulatory decision-making. The Environmental and Monitoring Science Division is currently aligning programs with identified departmental policy and resource management information needs to improve delivery of Alberta's environmental monitoring and science network.

Operations
Graham Statt, Assistant Deputy Minister

The Operations Division uses innovative and responsible stewardship approaches for managing Alberta's air, land, water, and biodiversity; safeguarding the environment against environmental emergencies and providing a healthy Alberta for future generations. The division employs its compliance and assurance program as the regulatory backstop to support these efforts. The division uses place-based knowledge to deliver policy, plans, and frameworks to allocate and conserve water resources and manage public lands. It also manages government owned water infrastructure, as well as fish brooding and hatchery stations. The division leads the department's comprehensive environmental emergency management program, largely through the efforts of its Environmental Support and Emergency Response Team, provides policy direction for the Provincial Dam Safety Program and maintains regional partnerships and links to local communities and stakeholders. The division also provides finance and administration support to the ministries of Agriculture and Forestry and Justice and Solicitor General.

Parks

Steve Donelon, Assistant Deputy Minister

Parks Division (Alberta Parks) works to inspire people to discover, value, protect, and enjoy nature and the benefits it provides for current and future generations. It conserves a land base consisting of 473 parks and protected areas across the province (28,751 square kilometres) and offers a wide range of outdoor, nature-based recreation opportunities. Parks Division leads the department's implementation of *Alberta's Plan for Parks* in association with the *Land-use Framework*. *Alberta's Plan for Parks* affirms the interconnectedness between conservation and recreation objectives of the Alberta provincial parks and protected areas system. Working with other government ministries, partners and key stakeholders, Parks Division serves Albertans through: providing environmental education and interpretation programs and opportunities for nature-based learning and recreation; ensuring the safety and security of visitors; supporting and facilitating scientific research; planning, building and maintaining parks infrastructure and operating facilities (such as campgrounds, trails and visitor centres); supporting and promoting diversified local economies through regional tourism and destination development, providing opportunities for public participation through consultation and volunteering; and managing dispositions, permits and leases.

Policy and Planning

Ronda Goulden, Assistant Deputy Minister

Policy and Planning Division leads development of environmental and land use and resource management policy and oversees policy integration for the department. Responsibilities include ensuring policy is developed based on science, research, analysis, and engagement with public, stakeholders, and Indigenous peoples, and aligns with department and Government of Alberta outcomes. The division is responsible for enabling the department's policy capacity by providing sound policy support, tools, advice, and other resources.

The division leads development of resource planning processes and facilitates and monitors the implementation of regional land-use plans and other integrated resource management plans for the department. The planning role incorporates air, land, water and biodiversity management as well as planning around specific issues. In addition, the division facilitates engagement on planning initiatives with municipalities, land users, industry stakeholders and environmental non-governmental organizations.

Strategy

Rick Blackwood, Assistant Deputy Minister

Strategy Division provides advice and services to the department and other clients to help them identify and understand a range of complex issues and challenges. Through consultation and partnership activities, the division listens to Albertans to understand how best to advance the department's innovative policy and plans, build and maintain collaborative relationships that leverage resources, facilitate long-term innovative thinking, and support capacity to ensure a shared understanding of responsible environmental stewardship. Strategy Division represents the department's interests nationally and internationally by highlighting Alberta's initiatives and approaches to responsible resource development and environmental protection: and by facilitating the development of solutions and minimizing risk related to the department's position in the areas of air, land, water and biodiversity by working with other governments and organizations at the municipal, provincial, territorial, national and international levels. It also assists in implementing, through respectful relationships, initiatives based on the principles of the United Nations Declaration on the Rights of Indigenous Peoples. Strategy Division leads and advises on the implementation of the Public Agencies Governance Framework to the agencies, boards and commissions for which the ministry has responsibility, and leads the development of open and transparent recruitment and appointment processes based on

knowledge, skills and competencies. Strategy Division takes the lead in enhancing public safety and minimizing the impacts from flood and drought through constant monitoring of river conditions, accurate mapping, working with Federal partners and developing policy on floodplain management. As part of this work, the Division administers the $531 million Alberta Community Resilience Program and other programs funding resilience projects in Alberta. Strategy Division is also aligned with the Land Use Secretariat in support of regional land-use planning.

Alberta Climate Change Office

Eric Denhoff, Deputy Minister

The Alberta Climate Change Office ensures effective coordination of all aspects of implementation of the Climate Leadership Plan. The Plan is a made-in-Alberta strategy to reduce carbon emissions while diversifying our economy, creating jobs and protecting the health and community well-being of Albertans. The plan was developed based on recommendations put forward by the Climate Change Advisory Panel in November 2015.

Implementation, Engagement and Regulatory Division

Sandra Locke, Assistant Deputy Minister

The division leads the implementation activities of the Climate Leadership Plan with a focus on ensuring departments and agencies meet key deliverables and timelines. The division coordinates stakeholder, community and public engagement, partnerships and outreach, funding investments, and provides regulatory and compliance administration for climate change programs. This division also houses the Alberta Climate Change Office's internal communications and correspondence teams. Those teams play a vital role in the engagement and outreach activities delivered by the division.

Policy, Legislation and Evaluation Division

Mike Fernandez, Assistant Deputy Minister

This division coordinates climate change strategic direction, policy development and legislation across ministries. It provides policy analysis and advice; monitors and reviews policy and programs in other jurisdictions; and recommends adjustments to inform and direct implementation of the Climate Leadership Plan. It also measures, evaluates and reports on progress towards policy outcomes, and facilitates the translation of policy into legislation and provides emissions forecasting to inform policy implementation.

Support Areas

Communications Branch
Murray Langdon, Executive Director
Sharon Hawrelak, Director, Alberta Climate Change Office

The role of the Communications Branch is to inform Albertans about ministry programs, services, policies and priorities. This includes providing information to the media and directly to the public through traditional communication practices and increasingly through direct engagement and online services such as the web and social media channels. The branch often works in partnership with other government ministries, other orders of government and community and industry organizations. The branch also supports effective internal communications providing staff the opportunity to engage with leadership and with each other. The

Alberta Climate Change Office Communications Branch provides information about the Climate Leadership Plan to the public, media and other ministries and stakeholders.

Human Resources Branch
Amanda Broos, Executive Director

Human Resources is a key partner in developing and delivering workforce development services and strategies including talent acquisition, classification, compensation and employee relations to the Ministry of Environment and Parks. It works to develop strategies and initiatives to build organizational capacity in support of career progression, performance planning, leadership development and coaching. The branch administers occupational health and safety programs and promotes workplace health and wellness initiatives.

Legal Services
Darin Stepaniuk, Director

Legal Services are primarily provided to the ministry by the Environmental Law Section of the Ministry of Justice and Solicitor General. The Environmental Law Section supports the ministry by providing timely, effective legal and related strategic advice to the minister and all levels of the ministry using a corporate counsel model. The director of the Environmental Law Section is a member of the ministry's executive team and is the ministry's senior legal adviser.

Associated Groups

Alberta Energy Regulator

The Alberta Energy Regulator regulates oil, natural gas, oil sands and coal development in Alberta. It ensures the safe, efficient, orderly and environmentally responsible development of Alberta's energy resources. This includes allocating and conserving water resources, managing public lands and protecting the environment while securing economic benefits for all Albertans.

GeoDiscover Alberta Program Office

GeoDiscover Alberta reports functionally within the department; operating under a mandate from their cross-ministry steering committee. Its mandate extends beyond the Government of Alberta to working with other levels of government, including urban and rural municipalities, the federal government, and internationally by operating as a provider of a wide range of geospatial data and services. Curating a catalogue of authoritative geographic data, the GeoDiscover Alberta Program increases accessibility, standardization, and discoverability for all stakeholders, including industry and citizens.

Integrated Resource Management System Secretariat

The Integrated Resource Management System (IRMS) Secretariat supports delivery of the IRMS in Alberta to ensure responsible resource development achieves economic, environmental and social outcomes for Albertans. IRMS delivery is guided by the ministries of Agriculture and Forestry, Energy, Environment and Parks and Indigenous Relations in collaboration with the Alberta Energy Regulator. Other ministries such as Culture and Tourism, Treasury Board and Finance, Health, Municipal Affairs and Transportation participate in IRMS through delivery of their ministry mandates and operations. The IRMS Secretariat provides secretariat services to IRMS executive manager committees and supports IRMS organizations to manage IRMS common priorities, tracking of IRMS performance and the effective use of data and information.

Kananaskis Improvement District Council

Kananaskis Improvement District Council was established in 1996, under Section 588, Part 15 of the *Municipal Government Act*, to provide direct public representation in the governance of the Kananaskis Improvement District. Council is accountable to residents and ratepayers, as well as to the Minister of Environment and Parks. Further, council is responsible for helping the minister ensure the improvement district provides appropriate and needed services to its constituents. The council also provides input into policy making related to programs and services in the improvement district, and monitors these programs and services to ensure they are effectively administered.

Land Use Secretariat

The Land Use Secretariat supports development and implementation of the Land-use Framework, including development of Alberta's regional land-use plans. Established under the *Alberta Land Stewardship Act* the secretariat is part of the Alberta Public Service, but is not part of any Government of Alberta department, allowing it to effectively work with all departments involved in land-use planning.

The secretariat operates under the authority of the Stewardship Minister and Stewardship Commissioner. The current Stewardship Minister is also the Minister of Environment and Parks.

Some of the secretariat's specific duties regarding the development and implementation of regional land-use plans include working alongside government departments to draft the regional plans, and consulting with Indigenous peoples, stakeholders and members of the public on draft regional plans and amendments. These duties also include evaluating the objectives and auditing the policies of regional plans to determine if the purposes of the *Alberta Land Stewardship Act* are being achieved (each regional plan must be assessed every five years) and administering regional plan requests for review, complaints and compliance.

Agencies and Boards

Under the Government *Organization Act*, the Minister of Environment and Parks is designated as the minister responsible for the legislation creating or continuing the following agencies:

Drainage Council

The Drainage Council, formed under the *Drainage Districts Act*, supports the Minister of Environment and Parks, drainage districts and other stakeholders by providing relevant advice and regulatory administration for environmental sustainability of agricultural water management practices.

Energy Efficiency Alberta

Energy Efficiency Alberta, established by the *Energy Efficiency Alberta Act* in 2016, provides programs and services to help Albertans save money by reduced energy consumption. Its mandate is to raise awareness among energy consumers of energy use and the associated economic and environmental consequences; promote, design and deliver programs and activities related to energy efficiency, energy conservation and the development of micro-generation and small scale energy systems in Alberta; and promote the development of an energy efficiency services industry in Alberta.

Environmental Appeals Board

The Environmental Appeals Board was created by the *Environmental Protection and Enhancement Act* and is responsible to hear and, if possible, resolve appeals of specified decisions for regulated entities or directly affected parties as authorized under the act and other applicable legislation, including the *Water Act* and the *Climate Change and Emissions Management Act*.

Land Compensation Board

Formed under Section 25 of the *Expropriation Act*, the Land Compensation Board provides independent, accessible, fair, timely and impartial processes when private land is expropriated by a public authority for projects in the public market.

Natural Resources Conservation Board

The Government of Alberta has given the Natural Resources Conservation Board (NRCB) the responsibility for delivery of the *Natural Resources Conservation Board Act* and *Agriculture Operation Practices Act.* Under these two mandates the NRCB delivers the following services to Albertans:

- The board conducts hearings and issues decisions with respect to the public interest of non-fossil fuel projects that require an environmental impact assessment, or other larger projects referred to the agency by Order in Council.
- The agency issues approvals, and delivers compliance and enforcement functions for confined feeding operations under the *Agriculture Operation Practices Act*. The board manages requests for reviews related to the *Agriculture Operation Practices Act* and, if appropriate, conducts hearings and issues decisions.

Public Lands Appeal Board

The Public Lands Appeal Board was created by the *Public Lands Administration Regulation* under the *Public Lands Act* and is responsible to hear and, if possible, resolve appeals of specified decisions for the regulated entities or directly affected parties as authorized under the *Public Lands Act* and the *Public Lands Administration Regulation*.

Surface Rights Board

The Surface Rights Board is a quasi-judicial administrative tribunal established by the *Surface Rights Act*. The act regulates surface rights for a number of different operations including exploration and development of oil, gas and coal. Pipelines and major power transmission lines are also covered by the act. The Surface Rights Board assists landowners/occupants and operators to resolve disputes about:

- right of entry to the owner's land and the compensation payable to the landowner for the entry;
- renegotiation of annual compensation under a surface lease or board order;
- offsite damages;
- outstanding payments owed to a landowner by an operator under a surface lease or board order; and
- the Surface Rights Board has an effective dispute resolution program that is crucial to the expeditious and efficient resolution of applications.

Funds

Climate Change and Emissions Management Fund

This fund was established in 2007 under the *Climate Change and Emissions Management Act*. Payment to the fund is one of four compliance options for facilities subject to the *Specified Gas Emitters Regulation*. The fund price for the 2007 to 2015 compliance periods was $15 per tonne of carbon dioxide equivalent, and the fund price for the 2016 compliance period was $20 per tonne. The fund is a restricted purpose fund, where the act specifies "the Fund may only be used for the purposes related to reducing emissions of specified gases or improving Alberta's ability to adapt to climate change."

Land Stewardship Fund

This fund was established under the *Public Lands Act*. The fund receives proceeds from the sale of public land in Alberta and in turn the ministry accesses these funds to either:

- purchase other lands; or
- provide grants to registered land trust organizations though the Land Trust Grant Program to help fund the acquisition of conservation easements on private lands as well as funding for stewardship activities on lands owned by the land trust.

Delegated Administrative Organizations

The ministry provides authority to Delegated Administrative Organizations to carry out specified functions described in legislation, regulation or memorandum of understanding administered by the ministry. These organizations function as arms-length, self-funded, legal entities established for the purpose of carrying out delegated functions traditionally delivered by the Government of Alberta. There are currently six Delegated Administrative Organizations associated with the ministry:

Alberta Conservation Association

The Alberta Conservation Association, formed under the *Wildlife Act,* Section 104(1)(b), conserves, protects and enhances fish and wildlife populations and their habitats for Albertans to enjoy, value and use. Since their inception as a non-profit in 1997 and through dedicated revenue collected from a levy on the sale of sport-fishing and hunting licences, the Alberta Conservation Association has directed hundreds of millions of dollars towards many conservation efforts across Alberta, from studies on Alberta's many species to the securement of vast tracts of precious habitat. Their vision is to have an Alberta with an abundance and diversity of wildlife, fish and their habitats; where future generations continue to use, enjoy and value Alberta's rich outdoor heritage.

The Government of Alberta has delegated the following services to Alberta Conservation Association:

- implementation and support of:
  - projects and improvements that retain, enhance or create wildlife, fish or endangered species habitat;
  - restoration and re-introduction projects to enhance populations of wildlife, fish and endangered species;
  - inventory of populations and habitats of wildlife, fish and endangered species;
  - projects for the stocking of selected water bodies, including transportation of stocked fish; and
  - a program that provides for payment of rewards to persons who assist the ministry with the enforcement of the *Wildlife Act* and *Wildlife Regulation*, including maintaining the uninterrupted capacity to receive information from citizens at no cost to them.

- provision of compensation for damage and loss:
  - caused by wildlife and measures taken to prevent such damage and loss; and
  - occasioned to livestock as a result of the use of a weapon during an open season.

Alberta Professional Outfitters Society

The Alberta Professional Outfitters Society is a not-for-profit organization, established under the *Wildlife Act* to administer the outfitted-hunting industry in Alberta. There are over 400 member outfitter-guides and almost 1,500 guides registered through the Alberta Professional Outfitters Society that provide big game, waterfowl and bird game services to several thousand clients each year. Delegated activities of the Alberta Professional Outfitters Society activities include the distribution, transfer, and leasing of game allocations provided by the department, sale of licences and permits for guide outfitting activities and discipline.

Alberta Recycling Management Authority

The Alberta Recycling Management Authority, formed under the *Societies Act* and the *Environmental Protection and Enhancement Act* (*Designated Materials Recycling and Management Regulation*), is responsible for managing Alberta's regulated recycling programs for tires, electronics, and paint. The authority's role includes collecting environmental fees from registrants; overseeing the collection, transportation, processing, and disposal of designated materials; and promoting the programs.

Alberta Used Oil Management Association

The Alberta Used Oil Management Association, formed under the *Societies Act* and the *Environmental Protection and Enhancement Act* (*Lubricating Oil Material Recycling and Management Regulation*), is responsible for managing Alberta's regulated recycling program to sustain and facilitate the responsible collection and recycling of used oil materials in Alberta. Members remit environmental fees which the association uses in turn to deliver incentives, initiatives and programs that facilitate the recovery and recycling of used oil and used oil materials.

Beverage Container Management Board

The Beverage Container Management Board, formed under the *Societies Act* and the *Environmental Protection and Enhancement Act* (*Beverage Container Recycling Regulation*), is responsible for managing Alberta's regulated recycling program for beverage containers. The Beverage Container Management Board works with stakeholders such as Alberta bottle depots, the Alberta Beverage Container Recycling Corporation, and Brewers Distributors Ltd. to ensure the collection and processing of used beverage containers. It is responsible for setting criteria for the beverage container management system, conducting depot and retail inspections, registering new containers, issuing operating permits for depots and approving collection system agents.

Emissions Reduction Alberta (formerly Climate Change and Emissions Management Corporation)

Emissions Reduction Alberta was established in 2009 and exercises specific responsibilities under the *Climate Change and Emissions Management Fund Administration Regulation*. It is a not-for-profit organization with a mandate to establish or participate in funding initiatives that reduce greenhouse gas emissions and improve our ability to adapt to climate change. The mission is to achieve actual and sustainable reductions in greenhouse gas emissions and facilitate climate change resilience by stimulating transformative change through investments in innovative projects. These projects include the areas of renewable energy, clean energy production, energy efficiency, carbon capture, storage and use, and adaptation.

Results Analysis

Discussion and Analysis of Results
Executive Summary

The Government of Alberta continues to develop its integrated and forward looking approach to responsible resource management. Aligned strategic direction, policy development and implementation across all levels of government, agencies, boards and commissions continue to be part of an ongoing solution to ensure a healthy environment, resilient economy, and fair and inclusive society for Albertan's. Government's decision-making processes consider the cumulative effects of social, economic, and environmental impacts in order to achieve these ends. As low oil and gas prices have created significant economic challenges for the province, the government is using proactive and innovative approaches to adapt.

Albertans are looking for government to diversify the economy and create jobs by investing in a greener, more diverse economy. Alberta is responding by including investing in long-term energy-efficiency. The new Energy Efficiency Alberta agency will make life more affordable for Alberta families by helping them conserve energy through the latest innovations and make Alberta more competitive. Energy efficiency will create jobs in construction and energy services, grow forward-thinking industries such as solar, and help families and communities become more self-reliant. Our Climate Leadership Plan protects Alberta by ensuring solutions are not imposed on the province. It positions Alberta as a world leader in sustainable energy production and it will help Alberta access new markets for its oil and gas products.

Alberta's landscape is facing increasing and competing demands including those associated with outdoor recreation and services in Alberta's parks and on public lands. Effectively managing the impacts of outdoor recreation may also create an opportunity for expansion of recreation and tourism industries as part of an evolution to a greener and more diversified economy.

Albertans now have new opportunities to learn about the future of conservation and recreation uses for Alberta parks and recreation areas. The Alberta Government heard from many Albertans who camp, fish, hunt and hike with their families. They want parks, recreation areas, fish and wildlife populations and habitats protected for future generations. This is reflected in the newly created Castle Provincial Park and expanded Castle Wildland Provincial Park. These areas are part of a unique ecosystem that is internationally recognized for its biodiversity and landscapes, and encompasses headwaters that supply one third of the water in the Oldman watershed.

As the frequency and severity of catastrophic events such as wildfires, flooding and drought increase, the Alberta Government is ensuring the province is well prepared for natural disasters in order to minimize their economic, social and environmental impacts and costs.

In 2016-17 Environment and Parks was aware that efforts were required to strengthen integrated resource management, enhance stakeholder engagement and communication with Albertans and tackle the challenge of developing open and consistent management of data, records and information. In order to help address these challenges, Environment and Parks used the internationally recognized ISO 31000 standard for Risk Management to provide principles, framework and a process for managing organizational risks. The department applied this standard to assist staff in identifying and mitigating challenges that would adversely affect achievement of department outcomes and key strategies as described in the 2016-19 Ministry Business Plan. The Risk Management program also aided a wide range of department activities, including many of the activities described in this annual report, in demonstrating progress towards achieving outcomes.

Performance measures that best demonstrated progress towards achieving ministry outcomes were selected for the 2016-19 business plan and are reported on in this annual report. The ministry annually reviews its performance measures and indicators to ensure they are the best available and new performance measures and indicators are developed as required.

Our ministry's budget and expenditures reflects the resources being directed to priority initiatives. In the 2016-17 fiscal year, examples include an increase in spending of $17.0 million on land programs, a $6.3 million increase in Park's programs, and a $5.6 million increase in Integrated Planning initiatives. There was a decrease of $21.3 million on 2013 Alberta Flooding initiatives as projects are nearing completion and deferrals were made to future years. At the same time, spending on Climate Leadership Plan was $141.4 million lower than budgeted in 2016-17 due to delays in delivery of programs resulting in reductions to the transfers provided to Ministries through supplementary estimates, and a reduced grant to Energy Efficiency Alberta due to delays in setup and program delivery. Climate Leadership Plan spending was $93.6 million higher compared to 2015-16 due to increased spending for regulatory operations and renewables/bioenergy. The costs of running the department were $39.5 million higher than budgeted in 2016-17 and $33.4 million higher compared to 2015-16 primarily due to an increase in spending on Climate Leadership Plan initiatives and Park's programs.

Dollar values described in the following Outcome and Key Strategy reports are expenditure estimates only. Expenditures reported under a given Outcome may also be associated with the work of other Outcomes and Key Strategies. Estimates provided are not specifically identified within the Financial Information section of this report.

OUTCOME ONE

Environment and ecosystem health and integrity

Albertans care about the health and integrity of their environment and ecosystems and the ministry is committed to a renewed approach to conservation, biodiversity and ecological integrity. Productive relationships and strategic partnerships that include Albertans are needed to achieve clean air, reduced greenhouse gas emissions, quality water, sustainable water supplies, productive and sustainable lands, conserved natural landscapes, protected areas and ecosystem services. The ministry works with strategic partners to conserve landscapes representative of Alberta's natural regions and ecosystems that protect biodiversity and provide habitat for common, vulnerable, and endangered species.

Leadership and direction to achieve the outcomes is provided through legislation, policy, regional plans and frameworks, and is supported by engagement, education, outreach, authorizations, and compliance programs as well as environmental trends and conditions monitoring, evaluating, and reporting. Examples of ongoing ministry initiatives include: incenting economy wide greenhouse gas emission reductions; undertaking biodiversity and landscape management actions such as identifying and recovering species at risk; and enabling the Land Trust Grant Program and the Land Purchase Program to help address habitat fragmentation, maintain biodiversity preserve intact landscapes and develop innovative approvals. The ministry provides an environmental stewardship framework based on planning and policy and then regulates natural resource access, allocation and use. To protect and conserve Alberta's air, water, land and biodiversity, it is essential for businesses, non-governmental organizations, all levels of government, communities, and individuals to comply with limits, standards and requirements for pollutant emissions, water withdrawals, wastewater discharges, fish and wildlife harvest, species conservation, timely land reclamation, and remediation. Ecosystem health and integrity will enable Alberta to meet environmental, economic, and social needs for present and future generations.

The following section describes performance measures and indicators, and key strategies the ministry delivered in the past year that demonstrate progress towards achievement of Outcome One.

Outcome One Performance Measure

1.a Municipal solid waste to landfills:

Kilograms of municipal solid waste, per capita, disposed of in public and private landfills.

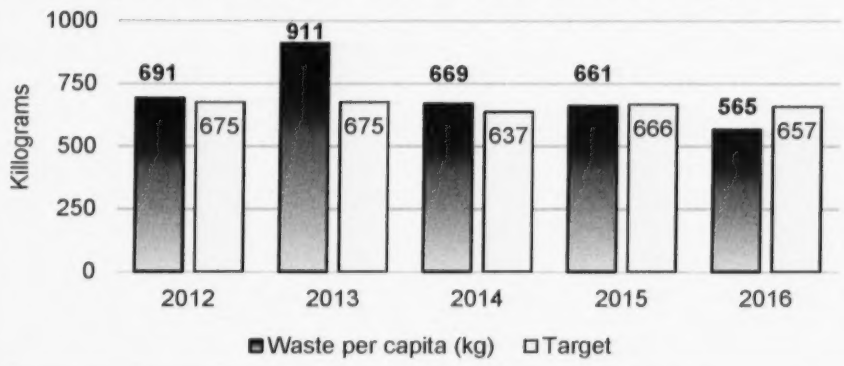
Per capita waste disposal numbers show how successful Albertans are in minimizing waste disposal which are connected to environmental impacts affecting land, air and water and the ecosystem. This measure is used to represent the impact of waste on land, air and water which in turn impacts environmental health and ecosystem integrity. The quantity of waste disposed in landfills can affect landfill capacity, landfill lifespan, and land-use (the need for land to accommodate new landfills). Waste in landfills, if not managed appropriately can affect groundwater and surface water through contamination and air quality through the release of greenhouse gas emissions (methane gas) from the breakdown of organic waste.

The measure provides an estimation of the total kilograms of municipal solid waste per capita disposed of in Alberta municipal landfills. The measure is influenced by government policy (provincial and municipal), private sector waste reduction initiatives, the performance of the economy, and can be impacted by natural disasters.

Information for this measure is largely provided voluntarily and includes municipal landfills and some participating private landfills that accept municipal solid waste. The performance measure includes residential waste from municipalities, and waste from industrial, commercial and institutional sectors, as well as waste from construction and demolition sectors that is disposed of in municipal landfills or participating private landfills.

Municipal solid waste disposed in landfills has decreased from 661 kilograms per capita in 2015 to 565 kilograms per capita in 2016. The actual result for 2016 was 92 kilograms per capita below the target of 657 kilograms (Figure 1). Alberta's economic slow-down appears to be a key factor and was more significant than expected when the target was set. The 2013 result is seen as an outlier compared to the historical data. In order to make meaningful comparisons this value was excluded when targets were developed.

Figure 1: Municipal Solid Waste to Landfills per Capita



The five-year trend shows that Albertans have decreased the amount of waste sent to landfills from 691 in 2012 to 565 kilograms per capita in 2016. The decline in 2016 was much steeper than in the previous few years with the exclusion of the anomaly seen in 2013 which is not reflective of historical trends and represents elevated volumes of waste generated from the Southern Alberta floods. Natural disasters can impact the performance measure; however, the 2016 Fort McMurray wildfires did not. This can be attributed in part to the expected increase in waste disposal being offset by a significantly lower number of residents in the area between May and September, and decreased volumes of waste resulting from an economic slow-down in the area for 2016.

DID YOU KNOW?

According to the most recent Statistics Canada data (2014), Alberta has Canada's highest per capita disposal rate and below average per capita diversion rates.

Waste generation is strongly linked to economic drivers and therefore during economic slowdowns the volume of waste is often reduced as consumers and businesses decrease spending. In 2016, Alberta experienced a significant economic slow-down. The kilogram decrease between 2015 and 2016 (96 kilograms) was similar to the decrease between 2008 and 2009 (about 80 kilograms) when there was also an economic slow-down.

The ministry currently influences the reduction of municipal solid waste disposed of in landfills through regulated recycling programs for beverage containers, electronics, tires, used oil materials and paint and a non-regulated program for household hazardous waste. These are administered through three delegated administrative organizations: the Beverage Container Management Board, the Alberta Used Oil Management Association, and the Alberta Recycling Management Authority, and through collaboration with local municipalities and landfills. The impact of these programs is an important part of the recycling industry in

Alberta. The municipal solid waste to landfills performance measure provides high level information to better understand the context for ministry waste diversion programs. In addition to the impact of ministry programs, results are highly influenced by external factors, therefore it has been transitioned to a performance indicator in the ministry's 2017-20 Business Plan.

Municipal solid waste disposal is complex and innovative approaches will be necessary in the coming years to continue reducing the amount of waste disposed in Alberta landfills. The ministry will be looking at potential options to update and modernize the waste regulatory framework. Any planned expansion of existing recycling programs is expected to have minimal impact on waste disposal per capita. In order to impact the measure, the government can use regulatory tools such as diversion programs, directed at large waste streams such as organics and construction, renovation, and demolition waste.

In 2016-17 a priced greenhouse gas emissions performance measure supporting outcome one and the Climate Leadership Plan was developed and has been introduced in the Environment and Parks 2017-20 Business Plan. Progress was also made in 2016-17 on development of a new protected areas measure.

Outcome One Performance Indicators

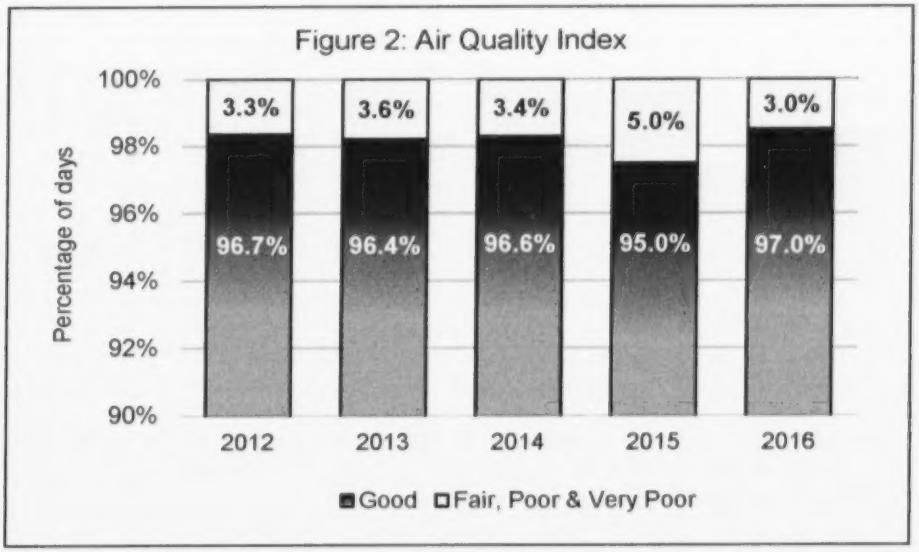
1.a Provincial air quality index:

Percentage of good air quality days in urban areas based on Alberta's ambient air quality objectives for fine particulate matter, ozone, carbon monoxide, nitrogen dioxide, and sulphur dioxide.

Good air quality is critical for both human and ecosystem health. This indicator describes Alberta's air quality by indicating the percentage of good air quality days in urban areas relative to provincial Ambient Air Quality Objectives for fine particulate matter, ozone, carbon monoxide, nitrogen dioxide and sulphur dioxide. These five pollutants are linked to human respiratory health effects. Fine particulate matter, particles less than 2.5 microns in diameter (smoke, dust, and liquid droplets suspended in air), can cause lung irritation and aggravate chronic lung diseases while ozone can constrict airways impacting individuals with asthma. Excess carbon monoxide reduces the body's ability to carry oxygen in the blood leading to fatigue and headache, while nitrogen dioxide and sulphur dioxide can inflame the lining of the lungs triggering coughing, wheezing, and shortness of breath. These effects are more pronounced among young children and the elderly who are more sensitive or may already have compromised respiratory health. The type and severity of symptoms experienced depends on the pollutant, its concentration in the air, length of exposure, and individual sensitivity. In addition to impacts on Albertans' health, air pollution impacts water and soil quality which can adversely affect plants, fish, birds and wildlife. All of these factors impact environmental and ecosystem health and integrity.

Air quality is influenced by the amount of emissions from natural sources and human activities, plus weather patterns and the assimilative capacity of the airsheds. Assimilative capacity refers to the ability of the environment or a portion of the environment (such as a stream, lake, air mass, or soil layer) to carry waste material without adverse effects on the environment or on users of its resources. Industrial and transportation emissions are the largest human made sources of pollution, and forest fires are the largest natural source of air pollution in Alberta. Springtime ozone events of natural origin and wintertime smog can also influence air quality results.

The Air Quality Index 2016 result is 97.0 per cent which is two per cent higher than in 2015 (Figure 2). The 2015 result is at the lower end of the observed range over the past five years, but is within the normal variation. The overall trend is stable showing no substantial increases or decreases in the results. The improved air quality results are considered to be associated with the reduced level of industrial activity resulting from low commodity prices. The slight variance in results over the last five years is mainly due to naturally occurring events including wildfires, and to meteorological conditions that could lead to a build-up of emissions within an inversion layer. Last year Alberta experienced one of its worst wildfire disasters in Fort McMurray. While this catastrophic event adversely affected the air quality in and around Fort McMurray, Cold Lake, and Fort McKay most of the smoke was blown east into Northern Saskatchewan. This wildfire caused an increase in the total number of provincial hours of 'very poor' air quality, more than in any previously reported year, mainly recorded at the Fort McMurray stations. However, as the impact was contained to a relatively small area of the province, the overall 2016 result remained high at 97.0 per cent which is a return to expected environmental air quality levels.



The number of air monitoring stations, using consistent monitoring technology and meeting data completeness requirements providing data were ten in 2012, twelve in 2013, fourteen in 2014, and fifteen in 2015. In 2016, a new air monitoring station east of Edmonton in Sherwood Park and the relocated Calgary Central station (which operated for the entire year) increased the provincial total to seventeen stations. A new air monitoring station introduced north of Edmonton in St. Albert did not meet data completeness requirements for 2016, but will likely be included in the indicator results next year.

The Air Quality Indicator tracks the averaged air quality within urban centers of Alberta and provides an annual indication of air quality in the province. This indicator is complementary to the Canadian Ambient Air Quality Standards (CAAQS) which focus on a three year average of the highest occurring concentration levels of two major pollutants, fine particulate matter and ozone. The CAAQS has a reporting lag of approximately two years, but it does allow for comparison at the national level. The air quality indicator is used as an initial warning system, while the CAAQS provides in-depth specific information the Government of Alberta can utilize to develop air management plans, maintaining environmental health and ecosystem integrity in the province.

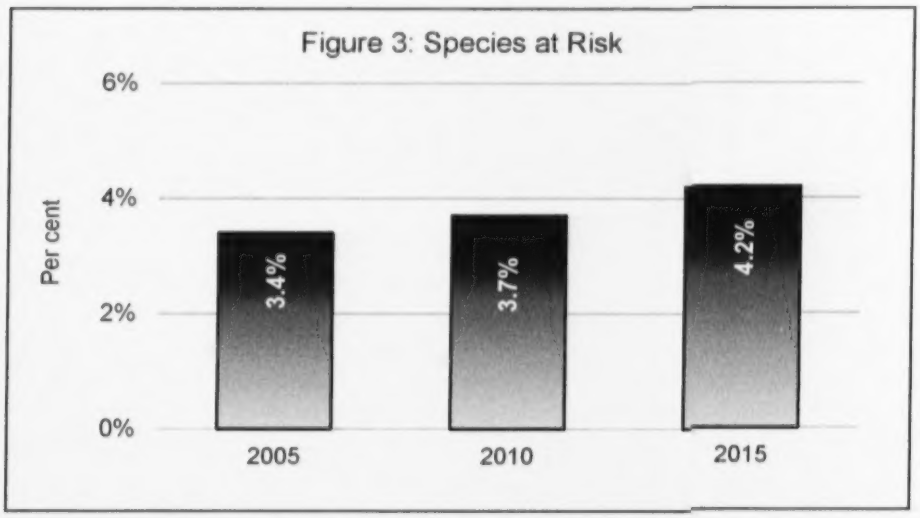
Several initiatives undertaken in 2016 contribute towards the reduction of urban pollution. These include the development of the Capital Region and Red Deer Fine Particulate Matter Responses, and the updating of the Calgary Region Airshed Zone Particulate Matter and Ozone Management Plan. In addition to the Lower Athabasca and South Saskatchewan regional Air Quality Management Frameworks, the ministry is currently developing Air Quality Management Frameworks for the North Saskatchewan and Red Deer regions.

Frameworks for Upper Athabasca, and Upper and Lower Peace have yet to be developed. Under these frameworks ambient air quality triggers and limits are established with varying levels of management response available to be taken according to annual assessments against these triggers and limits.

1.b Species at risk:

Percentage of vertebrate species including mammals, birds, amphibians, reptiles and fish designated as 'at risk.'

This indicator is a long-term tool that provides the ministry with awareness of species status and ecosystem health. Albertans understand how connected nature and biodiversity are to environmental integrity and our own social well-being. Human activity has impacts on the environment. Habitat loss and degradation, pollution, land use over-exploitation, recreational use, and the introduction of invasive species all have negative impacts on fish and wildlife. Species at risk provide an indication of the broader health of the natural environment. Species more sensitive to change can exhibit population decreases that signal environmental and/or ecosystem health and integrity impacts. These shifts can result in a cascade of impacts which could affect other species, ecosystem components and services. A decrease within a vertebrate species in the province is an important sign of ecological integrity, biodiversity on the landscape, and ecosystem health. The species at risk indicator describes the percentage of vertebrate species (mammals, birds, amphibians, reptiles and fish) which are designated as "at risk" (defined as either endangered or threatened under the *Wildlife Regulation*) and allows the ministry to identify when special management and recovery actions are necessary.



In 2015, 25 vertebrate species out of a total of 601, or 4.2 per cent, were identified as 'at-risk' (Figure 3). This is an increase in comparison to the 2010 and 2005 results. In 2010, 3.7 per cent of vertebrate species in the province were 'at risk' (22 out of 589 species); in 2005, 3.4 per cent were identified 'at risk' (20 out of 585 species). Data corrections have been applied across all reporting periods to improve data consistency and comparability. The results indicate the number of species 'at risk' has increased between reporting periods and the trend continues to gradually increase over time. Driving factors for the increase include habitat loss or degradation due to industrial development, increased recreational use, in addition to habitat destruction outside of Alberta for vertebrate species which leave the province during parts of the year. Another influencing factor is that over time new species are discovered, new data for species are incorporated, and new species enter the province which causes the total number of species in the indicator to change over time.

Climate change also impacts the mix and geographic distribution of biodiversity within Alberta. Whether this has negative, neutral, or positive effects on Alberta's vertebrate species populations remains to be seen. Overall it is expected the percentage of species at risk will increase in the short to mid-term due to increased

pressures on the landscape, and due to time and resources required for a species to recover back to naturally sustainable populations. Over the long-term it is anticipated the number of species at risk will stabilize and potentially decrease as management plans are implemented. Population recovery for many fish and wildlife species usually occurs over decades and in some cases centuries.

In order for a species to be designated as "at risk", a species must undergo a rigorous evaluation process. Identifying a species at risk begins with a General Status Report exercise which identifies if the species may be at risk, these species proceed to a detailed status assessment. The Alberta Endangered Species Conservation Committee and its Scientific Subcommittee (comprised of a wide variety of stakeholders, and biologists with expertise in fish, mammals, birds, amphibians, reptiles, invertebrates, and plants) review the detailed status assessment, along with species population trends, and apply criteria based on the risk assessment process designed by International Union for Conservation of Nature. Using this information the Committee makes recommendations directly to the Minister of Environment and Parks on the assessed status. The minister reviews the recommendation and makes a decision to list a species as endangered, threatened, or otherwise. Species that are designated as endangered or threatened are then legally identified as such under Alberta's *Wildlife Act* triggering the development of recovery plans.

The ministry continues to protect biodiversity as an investment in the long-term sustainability of the province's environment and ecosystem integrity through species inventory and monitoring, habitat management and conservation, public education initiatives, and evaluation processes. Special management and recovery actions are cost-effective preventative actions to protect species in Alberta in perpetuity as they include identification of the general species' status, a detailed status assessment, legal designation, recovery planning, and implementation of conservation and management actions. Since 2010 the ministry has:

- Completed 19 Recovery Plans for 25 Species at Risk and completed 14 Management Plans for 14 Species of Special Concern. Key recovery actions are being implemented for many of these species along with actions for six other Endangered and Threatened species for which recovery plans already existed.
- In 2014, the trumpeter swan was down-listed from Threatened to Special Concern.
- Undertaken several measures in support of caribou conservation including a strong provincial policy in relation to woodland caribou as well as an approved provincial recovery plan for this species.
- Developed the Alberta Greater Sage-Grouse Recovery Plan (2013-2018) which outlines a comprehensive program of conservation actions to address the many factors affecting the survival of the greater sage-grouse. The greater sage-grouse is Alberta's most critically imperiled species.
- Improved coordination and communication on species at risk issues of mutual interest, Alberta and the federal government established the Canada-Alberta Species at Risk Coordinating Committee in 2015.
- Added four other species to the Threatened species list in 2014 – bull trout, Athabasca rainbow trout, western grebe and pygmy whitefish. A recovery plan was prepared for Athabasca rainbow trout and planning has started for the three other species.
- The Species at Risk Program is currently conducting a jurisdictional scan and gap analysis of private land stewardship programs available in Alberta to enhance species at risk conservation on private or leased lands.

The ministry continues to work with many partners and Albertans to improve habitat restoration, minimize habitat loss and fragmentation, and reduce the risk of predation on several at risk species. Work with regulatory agencies continues to guide policy development which incorporates factors that protect vulnerable and endangered species.

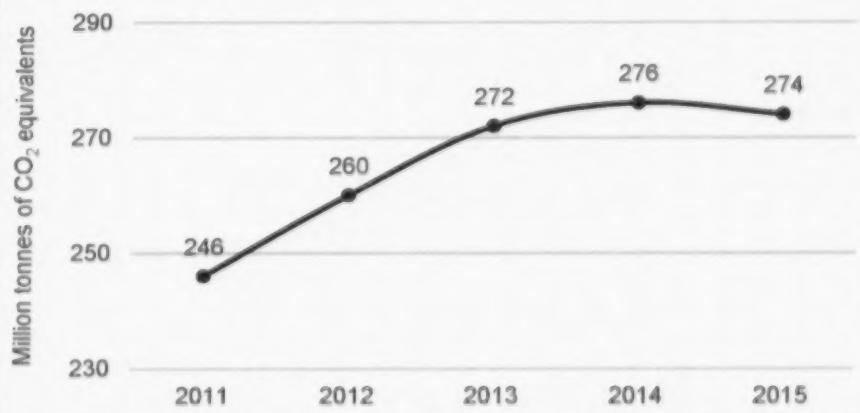
1.c Total greenhouse gas emissions:

Total million tonnes of CO_2 equivalents (greenhouse gas) emitted from major emission source categories.

This indicator illustrates the trend in the amount of greenhouse gas released into the atmosphere in Alberta. Rising concentrations of greenhouse gas in the atmosphere from human-derived sources – such as vehicle exhaust, burning coal, industrial processes, and agriculture – trap solar radiation in the atmosphere and contribute to climate change impacts. These long-term impacts contribute to increased frequency and severity of droughts, floods, forest fires, and severe storms. Warming temperatures will decrease surface water resources and reduce the water and moisture content in the ground affecting the natural environment. The resulting changes may affect Alberta ecosystems by changing the present mix and spread of biodiversity and existing ecosystem services (e.g., food production, pollination, water purification, nutrient cycles and soil health). Climate change will have a range of consequences for Alberta's ecosystems impacting overall environment and ecosystem health and integrity.

The total greenhouse gas emissions performance indicator is based on an international standard (United Nations Framework Convention on Climate Change and the Intergovernmental Panel on Climate Change) that is recognized by the global community as a comparable and scientifically relevant method for measuring emissions. The indicator links to the Environment and Climate Change Canada commitments on climate change and allows for national and global comparisons. It is important to note the greenhouse gas emissions indicator is reported on a two-year time lag due to the appropriate validation processes and complex level of calculations required to derive the results.

Figure 4: Total Greenhouse Gas Emissions



The latest available results for 2015 show a reduction of two million tonnes of CO_2 equivalents from 2014 results, reporting at 274 million tonnes of CO_2 equivalents in Alberta (Figure 4). An update in methodology from Environment and Climate Change Canada restated the 2014 results at 276 million tonnes of CO_2 equivalents. The five-year trend for this indicator continues to reflect a general increase in emissions in Alberta, however, the most recent three year results display a clear stabilization from 2013 to 2015. In 2015, the Ministry was working to mitigate climate change and its impacts by amending the *Specified Gas Emitters Regulation* and establishing the Climate Change Advisory Panel. The impact of regulation changes and the Climate Leadership Plan actions will not begin to be realized in the greenhouse gas emissions performance indicator until the 2016 reporting year at the earliest; these results will be reported in the 2017-18 ministry annual report.

Alberta introduced its Climate Leadership Plan in November 2015 as a made-in-Alberta strategy to reduce carbon emissions while diversifying the economy and creating jobs. Government is implementing an economy-wide price on carbon, transitioning from coal to lower emitting sources of electricity generation, capping emissions from the oil sands, and reducing methane emissions. Industry, particularly oil and gas, oil

sands and electricity sectors, is a key participant in improving Alberta's overall environmental performance. While growth in emissions from the oil sands is expected, this is directly due to increases in production. The oil sands are an important part of Alberta's and Canada's economic prosperity and are being developed to meet a growing global energy demand. Our climate leadership plan will work with industry to implement new technologies that will take more carbon out of every barrel of oil.

The Government of Alberta is committed to the development of a provincial adaptation strategy to prepare the province and build resilience to the impacts of a changing climate. Government has confirmed this commitment in its endorsement of the Pan-Canadian Framework on Clean Growth and Climate Change, and by joining the Regions Adapt initiative at the United Nations Framework Convention on Climate Change 22nd Conference of the Parties (COP22). Alberta's Climate Leadership Plan has been designed to fit with current and future policy and economic realities.

Key Strategy 1.1: Ensure environmental protection, conservation and ecosystem integrity

This strategy and its sub-strategies were established to ensure that environmental protection, conservation, and ecosystem integrity were addressed, improved and maintained in Alberta. An estimated $62.9 million was spent on this key strategy and its sub-strategies in 2016-17. Any numbers reported under the sub-strategies are included in the key strategy total. Key results were demonstrated by:

Sub-strategy 1.1a: completing regional plan development focusing on the North Saskatchewan and Lower Peace regions

Sub-strategy 1.1b: implementing regional plans through management frameworks, sub-regional recreation and land disturbance plans and projects; and the establishment of regional multi-stakeholder forums

Alberta's Land-use Framework (LUF), released in December 2008, sets out the approach to managing our province's land and natural resources to achieve Alberta's long-term economic, environmental and social goals. The LUF, supported by the *Alberta Land Stewardship Act*, guides establishment of seven land-use regions and regional plans for the province.

Regional land-use plans help ensure environmental protection, conservation and ecosystem integrity by setting desired environmental, social and economic outcomes and objectives for each region using a cumulative effects management approach. Plans also establish new or expanded conservation and recreation areas, environmental management frameworks and environmental thresholds. The plans then regulate specific strategies and actions to enable achievement of the desired regional outcomes and objectives.

The development and implementation of land-use regional plans is coordinated by the Land Use Secretariat and is currently focused on ongoing implementation of the *Lower Athabasca Regional Plan* and *South Saskatchewan Regional Plan*, and ongoing development of the North Saskatchewan Regional Plan. How to best initiate development of Lower Peace Regional Plan development is under consideration.

Within a cumulative effects and integrated resource management system, the Land Use Secretariat also helps guide new and ongoing initiatives including:

- consultations with and engagement of Indigenous peoples in developing and delivering plans and frameworks;
- consultations with other stakeholders and Albertans;
- Land Footprint and Access Management Plans that provide land-use management direction for regulators and land users.
- Air, Surface Water, Groundwater and Tailings Management Frameworks that outline monitoring, evaluation and reporting requirements, set early warning triggers to determine the need for action, and identify what actions may be taken. The use of management frameworks is a preferred approach to

accomplish cumulative effects management. Management occurs by establishing environmental limits and triggers. Limits in these frameworks are clear boundaries in the system not to be exceeded. Triggers are used as warning signals to allow for evaluation, adjustment and innovation on an ongoing basis. This proactive and dynamic management approach helps ensure trends are identified and assessed, regional limits are not exceeded and the air and water remain healthy for the region's residents and ecosystems. These frameworks are intended to add to and complement, not replace, existing policies, legislation, regulations and management tools. See Sub-strategy 1.1c for more information on air quality management and Sub-strategy 1.1d for more information on tailings management;

- Biodiversity Management Frameworks that use systematic, scientifically credible and adaptive approaches to improve land-use practices so the biodiversity we see today will be maintained and improved in the future, especially in light of increasing population and land-use demands. These frameworks are the first of their kind in Canada; and
- Caribou range plans that provide guidance to manage the extent and duration of land disturbance and caribou habitat restoration in support of achieving caribou recovery outcomes. *For more information on caribou management in Alberta see Sub-strategy 1.1f.*

The Land Use Secretariat had a budget of approximately $10.2 million in 2016-2017 to support delivery of the above activities.

Lower Athabasca Regional Plan

The *Lower Athabasca Regional Plan* (LARP), effective September 2012, sets the stage for robust growth, vibrant communities and a healthy environment within Northeastern Alberta over the next 50 years.

In 2016, LARP Review Panel Recommendations were publicly released and, as a result, the Alberta government placed a high priority on addressing concerns raised by First Nations applicants and renewed its commitment to work with Indigenous partners. In September 2016, work began on building a collaborative process with Indigenous communities to address their concerns and seek opportunities to work together to identify opportunities that would improve LARP from an Indigenous perspective. The ongoing effort to amend LARP and to develop then implement various management plans and frameworks represents a significant step forward in meaningfully recognizing the traditional land-uses and treaty rights of Indigenous communities. As with the efforts under the *South Saskatchewan Regional Plan,* and other efforts that incorporate the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) recommendations, the Alberta government wants Indigenous people at the table to help determine the future of responsible resource development in Alberta. For more information on UNDRIP focused work under LARP see Sub-strategy 1.5.

Preparations for Lower Athabasca Multi-Stakeholder Forums were completed in 2016-17. This included production of a guide entitled "Working with Others in Integrated Resource Management: Foundational Guide for Regional Multi-Stakeholder Forums" describing the role of the forums and the manner in which they will be established. It also included draft terms of reference and underscored the need to bring key stakeholder perspectives together to help amend and implement LARP. The Alberta government will coordinate these forums to complement newly-established Indigenous Tables, working groups, and regionally-focused sub-tables in order to foster Indigenous community participation, enable integration of land uses, and address potential cumulative impacts on the environment. These efforts will help guide stakeholder and government actions intended to improve ecosystem health and integrity. For information on integrating traditional land-use considerations with land management decision-making, see Key Strategy 1.5.

The Landscape Management Plan under LARP continued to be developed in 2016-17 with a key focus on the Moose Lake component. The Landscape Management Plan will be a series of chapters, starting with the Moose Lake Access Management Plan, and key direction from the Northeast Caribou Range Plan – both of which seek to manage the extent and duration of land disturbance impacts on biodiversity, and in the case of the Moose Lake area, indigenous traditional land-use values. The plan will also evolve to provide guidance for management of land disturbance in favor of all indicators in the regional Biodiversity Management

Framework, once approved. In addition, the Richardson Backcountry is an important management zone for management of recreational access and other aspects of land disturbance, as is the South Athabasca region for which a Regional Strategic Assessment has been completed and which may require unique management direction.

Development of the Moose Lake Access Management Plan continued in 2016-17 and, once completed, will provide land-use management direction for regulators and land users while addressing Fort McKay First Nation (FMFN) concerns regarding development pressures adjacent to their Moose Lake reserve and recognizing the interests of other stakeholders. An estimated $150,000 was used in 2016-17 to deliver this activity. In January of 2016 a renewed collaboration agreement was signed resulting in co-leads working on behalf of FMFN and the ministry submitting a suite of 45 management recommendations to the Government of Alberta in July 2016. The Alberta Government is assessing the recommendations and is working to finalize the Moose Lake Access Management Plan for the 10 kilometre Special Management Zone. The completed plan will offer a balanced approach to protecting First Nations' desired outcomes, while permitting resource development in a controlled, orderly and phased manner.

DID YOU KNOW?
The Castle Provincial Park and expanded Castle Wildland Provincial Park are part of a unique ecosystem that is internationally recognized for its biodiversity and landscapes, and encompasses headwaters that supply one third of the water in the Oldman watershed.

Work to develop Caribou range plans across Northern Alberta continued in 2016-17 including release of in June 2016 of a draft plan for the Little Smoky and A La Peche area in Northwestern Alberta. This plan is currently being finalized to incorporate feedback received during consultation. The process for developing range plans for the remaining caribou ranges across the province has started. As the range plans are developed and understanding increases of how they manage human footprint and direct restoration activities to grow new caribou habitat, the strategies developed in each plan will be checked for alignment with biodiversity objectives and other environmental, social and economic values. Caribou range plans in Northeastern Alberta will be integrated and aligned with the Landscape Management Plan as both are intended to manage footprint and new land disturbance. Caribou range plans are advancing to meet Government of Canada direction for completion in 2017. *For additional information on caribou management in Alberta, see Sub-strategy 1.1f.*

Work continues on the development of a regional Biodiversity Management Framework. A three phase engagement process for framework development was initiated in 2014-15 and continued in 2016-17. Phase 1 focused on initial framework concepts, Phase 2 on draft indicators and approaches to setting thresholds, and Phase 3 on review and feedback of a draft framework. Each phase involved workshops with stakeholders and Indigenous peoples, as well as a series of requested one-on-one meetings. These opportunities for input were augmented by an opportunity for stakeholders and Indigenous peoples to provide written submissions and feedback through an online workbook. During 2016-17 extensive scientific and technical work was required to inform framework development and this need will continue into implementation of the framework. Extensive work was also required to ensure opportunities for First Nations, Métis and other stakeholders for input were provided. Work will continue to finalize a Biodiversity Management Framework in 2017-18. Completion and implementation of the Biodiversity Management Framework will provide additional opportunities for involvement of Indigenous peoples in regional planning in the Lower Athabasca Region.

The annual cycle of environmental monitoring, reporting and response is an ongoing responsibility of the department, and in the case of the *Tailings Management Framework*, the responsibility of the Alberta Energy Regulator. In 2016-17 this continued through implementation of the Lower Athabasca Air Quality, Surface

Water Quality, Surface Water Quantity, Groundwater Management and *Tailings Management Framework*. Under the air and water frameworks annual reports on the Status of Ambient Environmental Condition and Status of Management Response(s) are released. They communicate environmental conditions in relation to thresholds (e.g., triggers and limits) and any actions undertaken in response to environmental conditions crossing the thresholds identified in the frameworks. The 2016-17 Status of Ambient Environmental Condition for the Lower Athabasca Region Report (fourth year of reporting) included in its results the 2016-17 fiscal year up to December 2016. The accompanying Status of Management Response(s) described the departmental response to the ambient monitoring findings. The Minister's Determination that accompanies these reports confirmed that some air and surface water quality triggers were crossed in the Lower Athabasca regions but no limits were exceeded. The Minister's Determination signals a commitment for the department to respond; it is also final and binding on the Crown, decision-makers, and local government bodies. Some challenges for this work in 2016-17 included meeting the recommendation in the *Lower Athabasca Regional Plan* Review Panel Report and subsequent commitment by the department to improve timeliness of reporting on environmental management frameworks. The transition of monitoring and science back into the department (largely within the newly formed Monitoring and Science Division) also created a challenge in data analysis and ambient condition reporting that resulted in subsequent delay in the preparation of the management response and report release. It is anticipated this was a one-time event. In preparation for reporting in 2017-18, monitoring data were collected across all management frameworks. The *Tailings Management Framework* necessitates reporting on site specific thresholds and, if necessary, any management actions required in response to the crossing of thresholds. As new tailings management plans are established in 2017, the Alberta Energy Regulator will undertake reporting similar to that being done for ambient environmental management frameworks.

For information on provincial parks under LARP see Sub-strategies 1.3a and 3.1a.

South Saskatchewan Regional Plan

The *South Saskatchewan Regional Plan* (SSRP), effective September 2014, sets the stage for robust growth, vibrant communities and a healthy environment within Southern Alberta over the next 50 years. In February 2017 the plan was amended to include establishment of the Castle Provincial Park and Castle Wildland Provincial Park. The Castle area is a world-class protected area and its management employs high standards in conservation while respecting Indigenous rights and providing sites and facilities for exceptional outdoor recreational experiences and tourism opportunities.

Engagement with First Nations in ongoing development and delivery of the *South Saskatchewan Regional Plan* remained a key activity in 2016-17. Primarily through the nine First Nations Table meetings and eight one-on-one meetings with Ermineskin, Samson Cree, Tsuut'ina, Stoney, Siksika, Blood, and Piikani First Nations. Additional engagement was delivered through implementation of the Traditional Ecological Knowledge and Traditional Land Use study under SSRP (field work was completed in October 2016) to address the need to incorporate this traditional information into other regional planning efforts. In 2016-17 those efforts involved Alberta Culture and Tourism, Environment and Parks and Alberta Indigenous Relations working in partnership with Treaty 6 and Treaty 7 Nations. This information will be used to assist planning and management activities within the proposed Public Land Use Zones for the Livingstone and Porcupine Hills areas, the Castle Wildlands Provincial Park and Castle Provincial Park. Spatial and non-spatial data continues to be collected specifically for management purposes including footprint planning, parks management, outdoor recreation management and management of historic resources. As with the *Lower Athabasca Regional Plan*, and other efforts that can incorporate the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) recommendations where possible, the Alberta Government wants Indigenous peoples at the table to help determine the future of responsible resource development in Alberta. *For more information on UNDRIP work see Sub-strategy 1.5.*

Biodiversity Management Framework development under SSRP continued in 2016-17, with a focus on engagement with municipalities. In addition to conservation and stewardship efforts on public land, similar efforts on private land managed by municipalities were identified as a priority under the plan. It is anticipated the plan will include the roles and authority of municipal governments and describe the collaborative efforts required with private landowners to achieve this.

The Livingstone-Porcupine Hills area in Southwestern Alberta is included in the SSRP. This area has significant ecological value and in 2016-17 work on the Livingstone-Porcupine Hills Land Footprint Management Plan continued. This plan will help ensure biodiversity and ecosystem function are sustained through shared stewardship by setting the direction for management actions to minimize land-use disturbance footprint in the area with a focus on key headwaters, sensitive terrestrial and aquatic habitat and other areas of high biodiversity value. In 2016-17 four formal and many informal multi-stakeholder engagement sessions were held to collect input for the draft plan. These sessions included participants from various levels of government, environmental organizations, landowners, industry and recreationists. Consultation with the general public is anticipated in 2017-18. One challenging topic was recreational access, limits and buffers between vehicles and environmentally sensitive areas. The management plan is also tasked to consider continued opportunities for sustainable economic development and recreation for all Albertans. The draft Livingstone-Porcupine Hills Land Footprint Management Plan will require a period for public and First Nations consultation before it can be finalized and submitted to Cabinet for approval. An estimated $66,800 was spent on this activity in 2016-17.

DID YOU KNOW?

Parks campgrounds throughout the Province accepted evacuees of the Fort McMurray fires free of charge. Over 135 families and 11 staff were accommodated for over 2400 camping accommodation nights.

A companion project for the Livingstone-Porcupine Hills Land Footprint Management Plans is the Livingstone and Porcupine Hills Recreation Management Plan. The plan is currently under development and will provide direction for the management of current outdoor recreational activities within their planning areas and allow for future development of sustainable outdoor recreational opportunities. The plans will be built on a foundation of the "five E's" of recreation management – education, engineering, enforcement, experience and evaluation. The plans will also provide for management and enforcement of recreational use on the Eastern Slopes through a designated trail system and strategically located Public Land Recreation Areas. A well-engineered and designated trail system will reduce environmental damage and conflicts with other recreationists and land uses while still providing recreationists with a high quality recreation experience. Achieving these objectives will be supported by work being done to establish two Public Land Use Zones (PLUZ) within the Livingston-Porcupine Hills area to manage recreational activity and access on public lands. It is anticipated the proposed PLUZs will be created in 2017. Multi-stakeholder engagement workshops to gather input for the draft recreation management plan were held in December 2016. The Southwest Recreation Advisory Group will meet in spring and summer 2017 to provide further input on both the interim trail system for 2017 and the longer-term Recreation Management Plan. Stakeholders, First Nations and the public have high expectations for these plans to manage footprint and recreational activities in the Eastern Slopes. There has been positive feedback to the planning approach and ensuring that environmental capacity of the land is considered (considerate of science and other information) prior to determining a recreation trail system. Stakeholders particularly like the iterative approach, the transparency and the willingness of Alberta Government staff to consider their information and ideas. Monies allocated to this work in 2016-17 included approximately $83,600 for recreation trail inventory and approximately $35,000 for Traditional Land-use and Traditional Ecological Knowledge surveys in the Livingstone-Porcupine Hills planning area.

Environmental Monitoring and Reporting in the South Saskatchewan Region in 2016-17 focused on ongoing implementation of the air quality and surface water quality management frameworks under the *South Saskatchewan Regional Plan* as part of the Government of Alberta's commitment to managing cumulative effects. Under these frameworks annual reports on the Status of Ambient Environmental Condition and Status of Management Response(s) are released. They communicate environmental conditions in relation to thresholds (e.g. triggers and limits) and any actions undertaken in response to environmental conditions crossing the thresholds identified in the frameworks. The annual cycle of reporting and response is an ongoing responsibility of the department. In 2016-17 Status of Ambient Environmental Condition for the South Saskatchewan Region (first year of reporting) included in its results the 2016-17 fiscal year up to May 2016. The accompanying Status of Management Response described the departmental response to the ambient monitoring findings. The Minister's Determination that accompanies these reports confirmed that some air and surface water quality triggers were crossed in the South Saskatchewan region but no limits were exceeded. The Minister's Determination signals a commitment for the department to respond; it is also final and binding on the Crown, decision-makers, and local government bodies. The environmental monitoring and reporting challenges faced in the South Saskatchewan region were the same as previously described under the Lower Athabasca. *For additional information on provincial parks under SSRP see Key Strategy 1.4 and Sub-strategies 1.3a and 3.1a.*

North Saskatchewan Regional Plan

The North Saskatchewan Regional Plan (NSRP) continued to be developed in 2016-17 and key activities included engaging with Indigenous communities to cooperatively establish the North Saskatchewan First Nations Practitioners' Working Groups and hosting a series of Métis Workshops. These activities provided an opportunity for participants to share their traditional ecological knowledge to inform land and natural resource planning underway in the North Saskatchewan Region. Another key activity was continued stakeholder engagement to support development of the Air Quality Management Framework, Surface Water Quality Management Framework and Biodiversity Management Framework under the NSRP. As with similar frameworks in other regions, they are intended to proactively manage cumulative effects to biodiversity, air quality, and surface water quality within the region, and provide context for development and related planning and decision making processes within an integrated resource management system. They are intended to add to and complement, not replace, existing policies, legislation, regulations and management tools. *For additional information on provincial parks under NSRP see Sub-strategy 1.3a.*

Lower Peace Regional Plan

Due to the focus on the Lower Athabasca, South Saskatchewan and North Saskatchewan regional plans and building a stronger and more collaborative relationship with Indigenous peoples, initiation of the Lower Peace Regional Plan has been delayed.

Sub-strategy 1.1c: developing and implementing air quality management action plans to address the Alberta: Air Zones Report 2011-13, which is based on Canadian Ambient Air Quality Standards

During the 2016-17 fiscal year, the department increased the air quality monitoring in central Alberta by providing approximately $410,000 for additional monitoring instrumentation, data collection and air modelling to improve knowledge of contributing factors. The ministry also contracted an international consulting firm for a budgeted $80,000 to undertake a jurisdictional review of regulatory strategies and tools used to manage and improve air quality in "non-attainment" areas, which are geographic areas where air quality has been identified as exceeding (or close to exceeding) established air quality standards. The report was released during the summer of 2016 and will be used to inform the development of Alberta's policies to define and apply in non-attainment areas such as the Red Deer Air Zone. The report includes the 2011 to 2013 assessment period and stated the Red Deer Air Zone did not achieve the Canadian Ambient Air Quality Standards (CAAQS) for fine particulate matter ($PM_{2.5}$). Four of the five other Alberta Air Zones were also reported as approaching the CAAQS. Under the agreed-to national framework, Alberta is required to develop and implement action plans to reduce air emissions in these air zones. Environment and Parks announced on April 1, 2016, "Provincially, government will undertake a number of actions to address both industrial emissions and non-point sources such as transportation. Improving the understanding of the contributing factors, as well as best practices for responses are also part of this effort."

In 2016-17 the Alberta Government supported a Clean Air Strategic Alliance study on non-point sources of air pollution. The study will recommend potential management actions to address non-point source air pollution, study results are anticipated by fall 2017. The transportation sector is the most notable non-point source contributor to air pollution across the province. The ongoing, Canada-wide collaborative work of the Canadian Council of Ministers of the Environment Mobile Sources Working Group will help inform transportation emission reduction options in Alberta.

Coal-fired electricity is the most emissions-intensive form of producing electricity. With Alberta's Climate Leadership Plan, pollution from coal-fired electricity sources will be phased out by 2030. Utilization of new natural gas units will help maintain a stable and reliable electricity supply in the province's transition to renewables. The ministry is also looking into options to manage emissions from all new natural gas-fired electricity-generating units in Alberta. To ensure air quality is protected in the future, the ministry will revise the gas-fired electricity emissions standard in the near future.

As Alberta also uses planning tools to guide regulatory decisions, a review of policy, planning and approvals business processes is slated to ensure planning processes are aligned with provincial policy and directly linked with the facility approvals and compliance mechanisms. This review will include participation from the Alberta Energy Regulator.

Industrial emissions in Alberta are managed through a permitting process that has a maximum 10-year renewal cycle for approvals. The department administers industrial approvals for all the sectors except oil, gas, and coal; industrial approvals for those sectors are administered by the Alberta Energy Regulator. The ministry and the Alberta Energy Regulator are currently applying more stringent emissions standards to industrial sources in stressed Alberta Air Zones as renewals are processed.

An environmental management framework is also being developed as part of the management response plan.

The Red Deer and North Saskatchewan Region industrial air emissions management program is currently in development with stakeholder engagement. The program is focused on industrial approval holders and code of practice registrants and will require improved quantification of current emissions at each facility, including a comprehensive inventory of current equipment and control technology in order to inform policy options and regulatory decision-making.

Alberta's industrial permitting process and accompanying guide for industrial approval applications will be revised to handle emissions management in stressed Alberta Air Zones more effectively. The jurisdictional and technology reviews will inform the choice of policy and regulatory tools for an updated permitting process for new and existing facilities in Alberta Air Zones approaching or not achieving the CAAQS. Like other leading jurisdictions, Alberta's regulatory system will evolve to differentiate air emissions requirements and standards in attainment versus non-attainment areas.

Sub-strategy 1.1d: ensuring an improved approach to eliminating tailings ponds

The *Tailings Management Framework for the Mineable Athabasca Oil Sands* provides direction for managing the accumulation of fluid tailings on the landscape, and associated environmental and liability risks. A sum of approximately $280,000 was budgeted for contracts for Tailings Management Framework implementation projects in 2016-17. The following projects were led or supported by the department in 2016-17.

Development of a regulatory framework for managing fluid tailings is targeted for completion in 2017. This work included the Alberta Energy Regulator completing and releasing *Directive 085: Fluid Tailings Management for Oil Sands Mining Projects* (Phase 1) in July 2016. This directive provides performance and reporting expectations and guidance on the submission of tailings management plans that meet the intent of the *Tailings Management Framework for the Mineable Athabasca Oil Sands*. Tailings management plans to meet the direction of the Framework and Directive 085 were submitted by oil sands mine operators on or before November 1, 2016, as required by Directive 085. Phase 1 of Directive 085 provides the foundation for the Alberta Energy Regulator to make decisions on tailings management plans. Updates to the Directive will be released in 2017 and provide additional rigor around performance reporting and compliance within the tailings management system (Phase 2). Additions to the regulatory framework for managing fluid tailings may be considered in future years, as needs arise.

Development of an integrated water management system for oil sands mines is ongoing. In 2016-17 stakeholder discussions were held with the Integrated Water Management Working Group (established in early 2016) on functional aspects of the integrated water management system. These conversations will set the stage for future engagement activities and development of the system. Some proportion of process-affected water on oil sands mine sites will ultimately be released to the environment. Maintenance of aquatic ecosystem health in the downstream receiving environment will require a robust, considered, and well-informed management approach, designed with the input of multiple affected parties.

Revision of the Mine Financial Security Program related to fluid tailings management is ongoing. In 2016-17 project scoping and analysis began and set the stage for continued work on the project to align with the policy intent of the Tailings Management Framework. The Mine Financial Security Program will be used to backstop the liability associated with exceeding fluid tailings thresholds, and is expected to act, in conjunction with approved tailings plans and other tools, as an incentive to treat tailings more quickly.

Development of policy direction to support research on oil sands water-capped fluid tailings (pit lakes) is ongoing. The Pit Lake Project seeks to provide guidance to oil sands operators and research organizations working to better understand the potential for water-capped fluid tailings to manage fluid tailings in a way that can meet future reclamation outcomes – including ensuring environmental protection and ecosystem integrity. Project scoping and initial analysis was conducted during 2016. The project approach and the approach for gaining input from stakeholders was presented to the Stakeholder Interest Group on Tailings Management for feedback in December 2016. Project scoping and initial multi-stakeholder input sets the stage for future multi-stakeholder involvement and the associated setting of guidance to support research on water-capped fluid tailings (pit lakes).

The establishment and ongoing operation of the Stakeholder Interest Group on Tailings Management continued in 2016-17. This is a multi-stakeholder advisory group comprising representatives from First

Nations and Métis groups, Environmental Non-government Organizations, the oil sands mining industry, research organizations, and governments. The Government of Alberta established the group as an advisory body to enhance the integration of Tailings Management Framework implementation initiatives, support timely implementation of the Framework, and improve multi-stakeholder involvement and relations in the area of tailings management, so that new and legacy tailings will be reclaimed in a timely manner. In 2016-17 the group met on a bimonthly basis to establish a Terms of Reference for the group, engage in learning on oil sands tailings management, and begin to discuss priority areas for tailings management in the region.

Proposed tailings management plans will assist in developing direction to support the intent and interpretation of the Tailings Management Framework related to reclamation. This work will commence once tailings management plans have been approved.

These preceding results and activities collectively help demonstrate progress toward ensuring environmental protection, conservation and ecosystem integrity by supporting the implementation of the Tailings Management Framework.

Sub-strategy 1.1e: demonstrating how Alberta contributes to Canada's international commitment to protect 17% of terrestrial ecosystems under Target 11 of the Convention on Biological Diversity

In 2016-17, Alberta took on a co-leadership role in the national *Pathway to Canada Target 1* initiative and is providing subject matter expertise to its development. This initiative is intended to be Canada's response to the international commitment under Target 11 of the Convention on Biological Diversity and will provide a National Call to Action and implementation guidance for achievement of all aspects of Target 11. This includes both the area-based target to protect 17 per cent of terrestrial ecosystems and inland waters and all of its guiding elements. Pathway to Canada Target 1 is anticipated to be complete by December 2017. The completion and release of national guidance under the Pathway to Canada Target 1 initiative will have a substantive impact on potential outcomes and management direction in Alberta.

The department initiated development in 2016-17 of a strategic response *to Pathway to Canada Target 1*. Alberta's response will build on national guidance, best practices and identify key actions that will guide Alberta's short, medium and long-term contribution to achieving the target. Additional activities include providing ongoing support for current and potential parks and protected areas establishment efforts that will potentially contribute to the achievement of Canada Target 1 in the future. The newly established Castle Provincial Park and Castle Wildland Provincial Park are both examples of these efforts. Significant strides will be made towards the area-based aspect of the target through establishment of lands that have been committed to conservation under the approved *Lower Athabasca Regional Plan* and the *South Saskatchewan Regional Plan*. These plans represent an increase of approximately two per cent of Alberta's land base under protected areas, which are important contributors to ensuring the health and ecological integrity of Alberta's ecosystems is maintained in the long-term. Once these areas are established, current progress towards the target will be roughly 14.4 per cent in protected areas, which includes Alberta provincial parks and protected areas system as well as national parks and national wildlife areas.

There is the potential that areas that do not meet the international criteria for protected areas can still be reported towards the 17 per cent target. These areas, which could include private conservation lands or municipal lands, would need to meet the definition and reporting criteria for "Other Effective Area-based Conservation Measures", which are in the process of being refined internationally and nationally. Once defined and criteria determined, Alberta will identify other conservation lands that can help to meet the target.

Identifying and evaluating all aspects (quantitative and qualitative) of the target will be a challenge. The scope of the target is broad, including current and potential parks and protected areas under many governance types (i.e., federal, provincial, private, municipal), as well as the identification of performance measures to

achieve it. Achieving the target will be especially challenging in the highly settled areas of the province, particularly in Alberta's underrepresented parkland and grassland natural regions. It is critical that a strategy building from the national guidance is developed in advance of site identification and establishment to ensure a focused identification of lands to meet all aspects of the target. This will ensure park and protected area establishments are grounded in science and are deliberate, objective and credible. The challenges and costs of achieving any aspect of the target in Alberta are unknown due to the scope and complexity of the target itself.

A targeted and systematic approach in developing Alberta's response moving forward will ensure risks and costs are identified and weighed accordingly. This approach can generate a strategy that will allow for targeted analysis and identification of parks and protected areas and provide needed expertise and systematic guidance on how Alberta can best achieve Canada Target 1. This strategy can also identify needs related to integration and connectivity of parks and protected areas and where other conservation tools may be able to contribute to achieving the target.

Although involvement in the Pathway to Canada Target 1 project has provided some insights into potential outcomes, a significant challenge in 2016-17 was to ensure Alberta's approach will be aligned with Pathway to Canada Target 1 as other processes such as *Land-use Framework* regional planning and other planning exercises move forward in advance of the national guidance. This has been mitigated by prioritizing work that will least likely be affected or impacted by the national direction.

Sub-strategy 1.1f: developing woodland caribou range plans to meet species recovery requirements

Currently, caribou are listed as Threatened under Alberta's *Wildlife Act*. The Alberta Government is working to achieve naturally-sustaining woodland caribou populations. Habitat conservation and restoration are important actions that will help achieve this goal. Alberta caribou populations will be sustained through ongoing development and implementation of caribou range and action plans.

Caribou range plans are documents that outline how a given range will be managed to ensure that critical habitat is protected for sustaining caribou populations. Alberta has targeted completion of all boreal woodland caribou range plans in 2017. Fifteen ranges will be addressed in five planning initiatives:

- Little Smoky, A La Peche;
- Chinchaga, Bistcho, Yates, Caribou Mountains;
- Red Earth, Richardson, West Side Athabasca, East Side Athabasca, Cold Lake;
- Nipisi, Slave Lake; and
- Narraway, Redrock-Prairie Creek.

All range plans must meet federally imposed targets to support caribou and habitat outcomes as set in the Recovery Strategy for the Woodland Caribou, Boreal population, in Canada. As part of the range planning, option development and implementation process the department will continue to work with stakeholders including local industry, municipalities and Indigenous peoples to minimize social and economic impacts to local communities while meeting the direction provided in the federal *Recovery Strategy for the Woodland Caribou*. The department wants to reassure Albertans that the final size, shape and management intent of any protected areas will be determined in close consultation with communities as part of the range planning process. These range plans will demonstrate progress towards achieving environment and ecosystem health and integrity in Alberta by helping meet species recovery requirements set out in the federal recovery strategy and by providing plans that contribute to and enable species recovery.

Caribou Action Plans, which are required under the Government of Canada's Federal Recovery Strategy, provide the public and stakeholders with details on how the recovery strategy will be implemented. Under the

strategy all action plans for boreal woodland caribou populations in Alberta are required to be in place by October 2017.

The department strives to ensure carefully managed industrial activity can co-exist with caribou on the landscape and that impacts of any new strategies and actions under the range plans are minimized. In support of that a mediator met with industry, municipalities, Environmental non-governmental organizations and Indigenous communities to produce a series of recommendations within the report *Setting Alberta on the Path to Caribou Recovery*, which was released in May 2016 to the public. The report indicates that recommendations should be implemented "... immediately following and subject to consultation with affected Indigenous communities to assure their Aboriginal and Treaty rights are protected and honoured." The report also indicates that "...consultation that is meaningful is best achieved with significant input from those citizens most affected by government decisions." To support this recommendation Environment and Parks Minister Shannon Phillips signed a Statement of Intent with Aseniwuche Winewak Nation of Canada to establish a mechanism to allow meaningful involvement in the stewardship of caribou.

The proposed protected areas outlined in the report are not finalized and will be considered and discussed further during the Northwest Caribou Range Planning process. Existing mineral commitments in protected areas will be honoured as per direction provided in Information Letter 2003-25. This includes existing commitments within designated Wildland Provincial Parks. Approximately $178,000 was spent in 2016-17 on the mediator project and caribou range plan modeling and analysis. Approximately $257,570 was spent in 2016-17 initiating projects including those related to restoration, rearing facility design, modeling and engagement activities.

The Little Smoky and A La Peche Caribou Ranges are a complex landscape and have been subject to very high levels of oil and gas and forest harvesting activities to date, and caribou distribution within the area has become restricted. Caribou population growth has been negatively affected by these developments, and both caribou populations are at continued risk of near-term local extinction. Range planning efforts for the Little Smoky and A La Peche Caribou Ranges began in August 2013. During the process, some forest sector representatives expressed significant concerns with the options government tabled for stakeholder review and discussion. A draft range plan for the Little Smoky and A La Peche herds was released on June 8, 2016 and a public survey allowed Albertans to provide comment on the plan until August 5, 2016. In total 957 survey responses were received (441 partial responses and 516 complete responses). In addition, 5,360 responses from stakeholders and the public were received through email and correspondence. Within the plan key activities described include restoration of approximately 5,000 kilometres of seismic line in the Little Smoky and A La Peche Caribou Ranges over a 5-year period including monitoring through 2027; and the design, site selection and construction of a rearing facility in the Little Smoky and A La Peche Caribou Ranges by 2018 with ongoing operations through 2027.

The Chinchaga Caribou Range is the only cross-jurisdictional (Alberta/British Columbia) caribou range identified for Alberta in the federal Recovery Strategy for the Woodland Caribou. Its management and recovery will require collaborative effort between Alberta and British Columbia to develop a range plan. Work may need to commence sooner to coordinate/collaborate with the work being done in British Columbia. In June 2010, the Government of British Columbia approved the Implementation Plan for the Management of Boreal Caribou (Rangifer tarandus caribou) in Northeastern British Columbia which included the establishment of Resource Review Areas. No new oil and gas, mineral, placer or coal tenures are allowed in these areas for a minimum of five years.

Restoration and recovery activities in caribou habitats over the next 50 years will involve all users of the range, including the energy sector, forest products sector, other industrial users, and recreational users. All users will be subject to the provisions of the range plans and can contribute to the successful achievement of its outcomes. The Alberta Government is striving to ensure the impacts of any new strategies and actions under the range plans are manageable for all landscape users.

For more information on caribou management in Alberta see Sub-strategy 1.1b.

Sub-strategy 1.1g: ensuring grazing lease objectives are communicated and monitored

Grazing leases provide a significant benefit to the province in several ways including biodiversity, carbon sequestration, watershed protection, habitat for wildlife, recreational opportunities and other ecological goods and services. Grazing leaseholders undertake a significant stewardship role on public land they lease by applying range management principles that protect and maintain environmental values while providing healthy rangelands to ensure sustainable plant communities, including native grasslands. Their careful stewardship is critical for the conservation of Alberta's grasslands ecosystems. Key activities targeted for delivery in 2016-17 included drafting environmental, social and economic grazing lease objectives, reviewing these objectives with the Operational Grazing Disposition Holder Committee and initiating development of performance measures to support the objectives.

Results from delivering these key activities included development of a grazing lease logic model that guided extensive engagement within Alberta Government to help describe required grazing lease objectives. The objectives were reviewed and supported in principle by the Operational Grazing Disposition Holder Committee and will inform development of performance measures for grazing leases to ensure all Albertans benefit from grazing leases. The budget for delivering activities in 2016-17 was approximately $25,000.

Grazing lease objective consultation is ongoing. Continued refinement and initial implementation of grazing lease performance measures to ensure grazing leases are meeting the defined environmental, social, economic objectives will continue into 2019.

Sub-strategy 1.1h: transitioning to an open-source environmental information system that supports access to scientific data and information on Alberta's environmental conditions and trends

Delivering this task within the Integrated Resource Management System (IRMS) remains a priority for the Government of Alberta. IRMS is a means by which Alberta will achieve responsible and collaborative natural resource stewardship. This coordinated approach includes setting environmental, economic and social outcomes, working towards achieving those outcomes by managing the cumulative effects from natural resource development (e.g., energy, mineral, forest, agriculture, etc.) on air, land, water, and biodiversity, while maintaining the social licence to develop these resources. Access to scientifically credible and available environmental data and information is critical for delivering this management approach.

Environment and Parks and its partners in Agriculture and Forestry, Energy, Indigenous Relations and the Alberta Energy Regulator continued their work in 2016-17 to deliver an Integrated Resource Management System to help guide responsible resource development and stewardship in Alberta. A key focus this year was on building work plans as facilitated through the IRMS Informatics Strategic Support Program. A key focus also remained on enabling open discovery and access to data and information that are generated and stewarded within the partner organizations. The IRMS partner organizations, along with Service Alberta's Open Government team, designed, built and implemented an initial internal data and information discovery portal; a key step to transition to an open-source environmental information system. This initiative also provided a staging area for data and information prior to a full public disclosure via existing open-source government mechanisms, further enabling transition to a broader public open-source system. Program spending in 2016-17 included approximately $1.1 million towards the IRMS Informatics Strategic Support Program.

Although simple in concept, sharing of data and information across program and organizational boundaries has many challenges. Source data systems have been traditionally built or bought for specific business

program areas, and not with a sharing or open access (by default) model in mind, thus current best practices in a sharing model are being adopted and implemented as the IRMS program advances. For example, data management discipline, including metadata standards and practices are being put in place to describe what the data are so those users not intimately familiar with the data can understand if various data are what is required for their business purposes. In addition, newer technologies are being positioned to enable access to disparate data sources and thus enable business analytics as required for cumulative effects management. The sharing model also has to reshape current data governance and stewardship practices to achieve the sharing requirements, while still maintaining necessary privacy and confidentiality legal requirements.

Environment and Parks also partnered with the Alberta Energy Regulator to identify additional opportunities to improve cross organizational business processes. An example of this includes early scoping of an integrated business practice in managing water approval licences. Although the project will not provide significant benefits until 2017-18, early work has identified business benefits in both organizations to better manage resource development efficiently and consistently, based on the principle of open access and sharing of data and information.

Sub-strategy 1.1i: developing and initiating implementation of a land reclamation framework

Land reclamation framework development efforts in 2016-17 set out to engage and collect input from stakeholders on the five key elements of reclamation: Policies and Planning; Information and Transparency; Timeliness; Liability; and Practices and Performance.

Changing reclamation program priorities and overlapping initiatives resulted in the development of a framework being replaced with ongoing land reclamation elements being tested through other engagement initiatives (e.g., Liability Management Review, Contaminated Site/Brownfields, Sand and Gravel Program Review) during the fourth quarter of 2016-17 and first quarter of 2017-18.

In 2016 the department collected land-use and reclamation lessons learned through other initiatives it led or participated in including Moose Lake Access Management Plan, Caribou Range Planning, Wetlands, Evergreen Centre for Resource Excellence and Innovation and the Ecological Recovery Monitoring Project. The input received was extremely useful in identifying interactions between these initiatives and reclamation objectives. It also identified a need for an overarching reclamation guidance document that Alberta Government staff can utilize to assist them with land reclamation objective setting and discussions with stakeholders.

No additional engagement initiatives related to land reclamation objectives are anticipated in 2017-18. Stakeholder input collected in 2016-17 and 2017-18 from other initiatives will inform development of proposed changes to the *Conservation and Reclamation Regulation*. Additional and ongoing activities include implementation planning for identified policies, operational tools and drivers for reclamation. The focus of work will shift in 2018-19 to development and implementation of policy and operational tools.

Key Strategy 1.2: Demonstrate Alberta's commitment to address climate change by leading the implementation of Alberta's Climate Leadership Plan

Alberta is embarking on a bold, Alberta-made strategy to reduce carbon emissions while diversifying our economy, creating jobs and protecting the health and community well-being of Albertans. The extensive work completed in the initial year (2016-17) of implementing the Climate Leadership Plan is evidence of Alberta's leadership and commitment to address climate change.

In 2016, the newly established Alberta Climate Change Office (ACCO) coordinated introduction of new laws and changes to legislation and regulations to support the necessary policies designed to incent and enable Albertan's to adopt practices and technologies that lead to reduced greenhouse gas emissions. These

included the *Climate Leadership Act*, the *Energy Efficiency Act* and the *Oil Sands Emissions Act*. This legislation demonstrates Alberta's commitment to climate leadership and an Alberta-first approach.

Another first for Alberta was the establishment of Energy Efficiency Alberta (EEA), a new Government of Alberta agency dedicated to helping the province save energy and lower its carbon footprint. Programs announced in 2016-17 included: Residential No-Charge Energy Savings, with more than 80,000 registrants in less than a month; Residential Retail Products; Business, Non-Profit and Institutional Energy Savings and Residential and Commercial Solar Program. The ACCO will be working with EEA to implement the Non-Profit Energy Efficiency Transition Program, another program designed to help organizations learn about the benefits of energy efficiency.

Core to developing and implementing objective, representative and actionable policy is the engagement of key stakeholders. The ACCO has worked extensively over the last year with municipal governments, Indigenous, municipal, non-profit and voluntary organizations, non-governmental organizations, academia, and industry stakeholders to provide information and receive feedback on impacts and opportunities related to the implementation of the Climate Leadership Plan. Additionally, the ACCO has led several engagement processes including the development of a new output-based allocation system that will result in new regulations for large emitters in Alberta. The ACCO also coordinated various engagement sessions to receive input on opportunities related to energy efficiency. This included leading a working group with the Non Profit and Voluntary Sector (NPVS) and a comprehensive engagement process with the Energy Efficiency Advisory Panel to support the development of the new Energy Efficiency Alberta agency.

The Climate Leadership Plan's policy and program delivery framework has a breadth and expanse that stretches across the entire Government of Alberta. The ACCO is responsible for managing and coordinating the implementation of the Climate Leadership Plan across government. This coordination work includes developing plans, monitoring initiatives, developing metrics to evaluate performance, and reporting on the work completed to achieve the outcomes of the plan, and the support required for climate leadership funds to be provided to programs and initiatives that will reduce greenhouse gas emissions. The ACCO is developing a performance management and evaluation system in order to measure, evaluate and improve performance of CLP initiatives. Initial tools to support the system have been developed and continue to be implemented. This work reflects government's commitment to establishing leading practices to support evidence-based informed decision making both as actions and investments are contemplated and in ongoing assessment of the relevance and effectiveness of programs as they mature.

The made-in-Alberta Climate Leadership Plan takes action on climate change and protects the province's health, environment and economy. With the Climate Leadership Plan, the government launched an Alberta-first strategy designed specifically for our unique economy. With an Alberta plan in place, we now benefit by having a strong voice in helping develop a pan-Canadian work that ensures Albertans' climate change concerns are heard as the federal climate change plan is developed. A pan-Canadian plan further benefits Albertans by driving innovation and growth through increasing technology development and adoption to ensure Canadian businesses are competitive in the global low-carbon economy. Alberta has been an active participant in the pan-Canadian work; chairing the mitigation working group and participating in three other working groups. The outcome of that work led to development of a report: *Pan-Canadian Framework on Clean Growth and Climate Change*. The next phase of the work involves enacting the framework and moving from policy to action. In addition to our work with the Canadian Government, the Alberta Government has been a signatory to several international agreements and pacts to help bring investment to Alberta and to highlight what Alberta has to offer to the world. These agreements include the United Nations Association of Canada, the Climate Group's States and Regions Alliance and Energy Transition Platform, Regions Adapt, States and Regions Future Fund, the Climate Registry and the Climate Action Reserve.

Results described above for Key Strategy 1.2 also describe the results for Key Strategy 2.1: Through the Alberta Climate Change Office, develop and implement energy efficiency initiatives that support Alberta's Climate Leadership Plan and drive economic diversification and job growth.

Key Strategy 1.3: Enhance Alberta's provincial parks, in conjunction with the continued implementation of Alberta's *Land-use Framework*.

An estimated $68.1 million was spent on key strategies 1.3, 2.3, 3.1 and 3.2 and on related sub-strategies in 2016-17. Any numbers reported under the sub-strategies are included in the key strategy total.

Sub-strategy 1.3a: leading initiatives to create new provincial parks, or expand or reclassify existing provincial parks to help fill conservation, recreation and tourism gaps in the current Alberta provincial parks classification system.

Regional planning under the *Land-use Framework* represents a key mechanism for parks and protected area establishment or expansion in Alberta. The conservation and recreation areas identified in regional plans are managed under those plans until they are designated by Order-in-Council as Parks legislation.

The Lower Athabasca Regional Plan (LARP) was released in August 2012 and describes five new Wildland Provincial Parks that will provide for low-intensity, backcountry outdoor recreation opportunities: Birch Mountains (expansion), Dillon River, Gipsy-Gordon, Kazan and Richardson. LARP also includes nine new provincial recreation areas to address the growing demand for recreational and tourism opportunities: Andrew Lake, Christina Crossing, Clyde Lake, Cowper Lake, Crow Lake, Goodwin Lake, Gregoire Lake, Slave River Rapids and Winefred Lake.

In 2016, the remaining Crown oil sands, metallic and industrial minerals agreements falling within, or partially within, the identified LARP Wildland Provincial Parks were cancelled and agreement holders compensated. The Alberta Government also announced $25.0 million would be budgeted from 2016 to 2021 to deliver the LARP Implementation Project for enhancing visitor experiences, supporting recreation and tourism opportunities and expanding and developing new assets throughout the LARP region. *For additional information on LARP see Sub-strategies 1.1a, 1.1b, 1.1e and 3.1a.*

The *South Saskatchewan Regional Plan* (SSRP) was released in July 2014 and identifies eight new or expanded conservation areas that support achievement of environmental objectives, especially those for biodiversity, by maintaining ecological systems and processes.

- New conservation areas: Castle Wildland Provincial Park, Livingstone Range Wildland Provincial Park, High Rock Wildland Provincial Park and Pekisko Heritage Rangeland.
- Expanded conservation areas: Bluerock, Bob Creek, Bow Valley and Don Getty Wildland Provincial Park.

The SSRP (2014) also includes seven new or expanded provincial parks and provincial recreation areas that will provide opportunities for quality outdoor recreation experiences and nature-based tourism dependent on and compatible with the conservation objectives. They will be managed to minimize industrial land disturbance.

- Provincial parks: Chinook (expansion), Elbow Valley (reclassification and expansion), Sheep River (expansion), and Cypress Hills (expansion).
- Provincial recreation areas: Sibbald Lake (expansion), Crowsnest Lake and Coleman.

Developing a Regional Parks Plan to manage all parks and protected areas in Alberta parks within the SSRP area and a Regional Trail System Plan are also commitments under the SSRP. *For information on Alberta provincial parks and protected areas involving the Castle area see Key Strategy 1.4.*

In 2016 the Alberta Government also announced $50.0 million would be budgeted from 2016 to 2021 to deliver the SSRP Implementation Project, enhance visitor experiences and support recreation and tourism opportunities within the SSRP region. *For additional information on Alberta provincial parks and protected areas system under SSRP see Key Strategy 1.4 and Sub-strategies 1.1a, 1.1b and 3.1a.*

The North Saskatchewan Regional Plan (NSRP) is currently in development. As with the other regional plans, work is underway to identify conservation areas and recreation areas for potential inclusion within the provincial parks and protected areas system. Emphasis for areas under consideration include those areas that will fill representation targets, protect critical headwaters, allow for the continued practice of treaty rights and traditional land uses for Indigenous Peoples, and enhance recreational and tourism opportunities to diversify the local economy. *For additional information on NSRP see Sub-strategy 1.1a and 1.1b.*

Additional park and protected area establishment efforts will be undertaken in the upcoming years to meet national and international protected areas targets by 2020. In 2016, the department initiated development of a strategic response to this national work which will help to identify and evaluate additional lands in Alberta to help fill conservation and recreation/tourism gaps within Alberta's provincial parks and protected areas system. *For more information on this work see Sub-Strategy 1.1e.*

Sub-strategy 1.3b: revitalizing and modernizing provincial parks legislation, including a revised provincial parks classification system

At more than 40 years old, the Department of Environment and Parks currently has the oldest parks legislative framework in the country which includes the *Provincial Parks Act*, the *Wilderness Areas, Ecological Reserves, Heritage Rangelands and Natural Areas Act* and the *Willmore Wilderness Park Act.* Refreshed legislation will establish the tools and the governance framework for the future growth and sustainability of Alberta parks. An updated governance framework is required in order to foster a system based approach to parks and protected areas management, deliver the most effective management for conservation and recreation outcomes and support a range of outdoor nature based education, recreation and tourism opportunities. Work to develop new legislation continued in 2016-17 and is anticipated to be complete by spring 2018 followed by development of updated regulations.

Key Strategy 1.4: Protect the Castle Special Management Area under provincial parks legislation and develop and implement a park management plan to ensure the area's environmental values are managed and enable nature-based recreational and tourism opportunities

Enhanced protection of the Castle will help to conserve the area for important wildlife populations, protect headwaters in the Oldman Watershed, support continued practice of treaty rights and traditional land uses and enhance recreational and tourism opportunities to diversify the local economy.

In the fall of 2015, the Government of Alberta announced its intent to enhance protection of the Castle area, and invited Albertans to comment on the proposal from September 4 to October 5, 2015. Based on 'What We Heard' during consultation, the Government of Alberta made the decision to establish the Castle Provincial Park and expand the Castle Wildland Provincial Park in the Castle area. The Orders-in-Council to officially establish the new parks under the authority of the *Provincial Parks Act* were approved on January 20, 2017. Preceding the announcement was a series of activities including over 50 meetings with stakeholders and First Nations, and the creation of two working groups appointed by the minister to provide advice and recommendations for the creation of a management plan. Concurrent to stakeholder engagement, department staff worked on projects and collected information to facilitate future parks operations including:

- trails assessment to quantify and qualify issues related to illegal trails and trails with environmental liabilities;
- scientific literature review and Marxan modelling to identify areas, species and habitats of concern;

- infrastructure review and planning effort to begin identifying rustic camping nodes and random camping areas for reclamation; and
- collaboration with Ministry of Culture and Tourism on a greater Castle Tourism Strategy Working Group.

Creation of the two parks and ongoing development of a draft parks management plan to guide future activities and development within the parks included engagement of First Nations communities. Eleven of 13 First Nations in Treaties Six and Seven indicated a strong desire to be engaged with ongoing development of the plan. It is anticipated a completed management plan will describe the Alberta Government's ongoing commitment to work with First Nations to meet their traditional and cultural needs in the parks. This includes creation of a Cooperative Management Advisory Board, and infrastructure spending to support their cultural needs and education of visitors.

A draft plan was broadly supported by Albertans based on initial online feedback received from its distribution in 2016-17. The province also held a series of public information sessions and stakeholder meetings. Sessions examined wider conservation and land use issues, including linear disturbances, off-highway use and trail planning. Recreational planning focused on ensuring the Eastern Slopes were better managed to protect livelihoods in ranching, forestry and recreation.

An amended *South Saskatchewan Regional Plan* that included the Castle changes was released on February 16, 2017. An estimated $753,000 was spent on this key strategy in 2016-17. The Castle budget included new staff hires to supply required expertise (planner, ecologist and infrastructure planner positions), project work, First Nations engagement and Traditional Ecological Knowledge and Traditional Land Use studies. *For additional parks information involving the Castle area see Key Strategy 1.3a.*

Key Strategy 1.5: Participate in the government's program and policy review for ways to implement the United Nations Declaration on the Rights of Indigenous Peoples objectives and principles

The Ministry of Indigenous Relations is leading a process to identify opportunities to incorporate principles of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) into the work of the Alberta Government. In March 2016, Cabinet approved a suite of 20 proposals to be discussed and further developed with Indigenous communities. An estimated $2.5 million was spent on this key strategy and key strategy 1.6 in 2016-17. Implementation of the following specific proposals were led or co-led by Environment and Parks in 2016-17.

Provide Clean and Safe Drinking Water: Alberta will partner with the federal government and First Nations to link reserves to regional drinking water systems, where possible. This requires Alberta funding construction of the "final mile" of water pipeline between a regional system hub and a participating First Nations border. The Alberta and federal governments have collaborated to identify over 13 priority projects based on community need and ability for development of on-reserve infrastructure to connect with regional systems. Securing funding for these projects and development of an action plan to guide their delivery are ongoing. *For additional information on drinking water systems for Indigenous communities see Key Strategy 4.4.*

Enhance management of cumulative effects of resource development: *For information on engagement of Indigenous peoples in management of cumulative effects through regional plan development and delivery see Sub-strategy 1.1a and 1.1b.* This proposal also includes two ongoing pilot projects related to increased cooperative management of fish and wildlife within First Nations in Treaty 8 Territory:

- Alberta Treaty 8 Trappers Association requested Environment and Parks consider establishing a new entity designed to specifically manage Treaty 8 trap lines. In support of this a focus group comprised of select individuals from Environment and Parks, Indigenous Relations and the Treaty 8 Trappers Association are developing a draft cooperative agreement that will describe efforts to support First Nations administration of Treaty 8 trappers and their trap lines; assess the possibility of increasing trap lines

available to Treaty 8 members; establish cooperative support on knowledge transfer and management of furbearing animals; and assess potential for improved compensation opportunities and ability to market furs.
- To improve involvement and understanding of First Nations when fishing for food using sport angling methods (e.g., rod and reel), a review of policy and process which will clarify the means by which sport angling gear is used by Indigenous peoples to harvest fish for food was initiated. The review will include changes that reflect the policy on allocation of fish stocks in Alberta, including the priority for allocating fish for food to Indigenous persons with harvest rights over recreational use.

Additional efforts under this Proposal include:

- The department working with Environment and Climate Change Canada on development of a new over-arching agreement and related operational cooperative management model for implementation of the oil sands monitoring program. A key principle of the agreement is to ensure explicit and meaningful engagement of Indigenous peoples in the program.
- Establishing a Consultation, Development and Environment Table under the Treaty 8 Protocol Agreement to facilitate discussions between senior officials regarding priority items including cumulative impacts to treaty rights.

Integrate Traditional Ecological Knowledge and Traditional Land-use Considerations into land management decision making. This proposal includes establishment of the Indigenous Wisdom Advisory Panel (a new public agency) to engage Indigenous leaders on incorporating Indigenous wisdom and Traditional Ecological Knowledge in the design and implementation of provincial environmental monitoring and community based monitoring programs. *For information related to delivery of this proposal through regional plan development and delivery see Sub-strategy 1.1a and 1.1b.*

Explore opportunities with Indigenous communities for co-management of Environment and Parks' conservation areas and resource management. This includes:

- a completed cost estimate of staffing, capacity, and operational requirements for potential cooperative management options in the Birch Mountains Wildland Provincial Park and Richardson River Dunes Wildland Provincial Park in Northern Alberta;
- preliminary discussions in November 2016 with Fort McKay First Nation and Athabasca Chipewyan First Nation on the potential for cooperative management within Wildland Parks;
- engagement of Indigenous communities to explore opportunities for describing cooperative management of conservation areas in the Castle Park Management Plan. *For parks information involving the Castle area see Key Strategy 1.4; and*
- building collaborations to support conservation efforts regarding the Ronald Lake bison herd. In 2016-17, AEP and its partners on the Ronald Lake Bison Technical Team were able to work with the University of Alberta to secure a 4-year grant supporting priority research of the herd, and initiate engagement with regional indigenous communities regarding cooperative management of the herd.

Key Strategy 1.6: Participate in the comprehensive review of Alberta's agencies, boards and commissions to ensure they are performing to the maximum benefit for Albertans

Environment and Parks has been an active participant of the Government of Alberta's review of government agencies, boards and commissions. In 2016-17 the ministry reviewed 13 public agencies which fall under the *Alberta Public Agencies Governance Act*. An estimated $2.5 million was spent on this key strategy and key strategy 1.5 in 2016-17.

The review resulted in the decision to dissolve four agencies and identified the need to amalgamate four boards into one which will result in cost and service efficiencies for Albertans. The Ministry completed the implementation to dissolve the identified agencies and has worked with Municipal Affairs to complete the administrative amalgamation of the Land Conservation Board, Surface Rights Board, New Home Buyer Protection Board and Municipal Government Board. Phase 2 of the amalgamation which includes governance and regulatory changes will take multiple years to implement. Additionally, as part of the government-wide review of public agencies and in accordance with the *Public Sector Compensation Transparency Act*, the ministry has also ensured that the "sunshine list" has been expanded to disclose financial information for those appointed to agencies, boards and commissions the ministry is responsible for. The ministry has also created three new public agencies being the Science Advisory Panel, the Indigenous Wisdom Advisory Panel and Energy Efficiency Alberta.

Phase 2 of the agencies, boards and commissions review includes all public agencies that do not fall under the *Alberta Public Agencies Governance Act* and began in March 2017. Environment and Parks has 11 public agencies that are being reviewed as part of this initiative.

The Public Agencies Secretariat has developed new guidelines and a standardized process for all public agency appointments. The new guidelines and processes have resulted in challenges with respect to timeliness and scheduling. Environment and Parks has developed and implemented new processes to ensure alignment to the standards including adoption of the new centralized on-line database for all recruitments for public agency positions.

Feature Story: Clean, drain, dry – managing whirling disease in Alberta

In August 2016 Environment and Parks responded to the first outbreak of whirling disease in Canada in Southwestern Alberta.

Whirling disease is a disease of salmonid fish including trout, salmon and mountain whitefish. Whirling disease causes increased mortality of susceptible fish, particularly juveniles. Whirling disease doesn't pose a problem to human health. You can swim in the water and eat the fish where whirling disease is present. Whirling disease can be spread both by humans as well as fish and waterfowl. People can spread whirling disease through the movement of fish, and anglers can also move it by carrying spores on their watercraft or fishing equipment.

Environment and Parks' whirling disease management strategy has a three-part focus: determining whirling disease distribution; education of people with regards to actions to minimize spread; and mitigation of increased risks to susceptible fish populations. To determine distribution, fish sampling was undertaken in watersheds along the east slopes in the late summer and fall of 2016. This will be continued in 2017.

For education, Environment and Parks provides information and awareness to the public and to stakeholders, and internally to staff. The Aquatic Invasive Species Program's 'Clean, Drain, Dry' campaign has been modified to target anglers and fishing gear.

The main focus, especially with recreation and angling communities, has been education about the personal actions that should be taken each time a boater or angler is leaving a waterbody – all watercraft and equipment should be cleaned of all mud and organic debris, drained of all standing water, and dried for as much time as possible between uses. Boots are to be cleaned and dried at the shore. Then at home, equipment and watercrafts are to be rinsed and pressure washed and completely dried. Live or dead fish are not to be moved from one waterbody to another. Also, fish cleaning stations are to be used where available and fish parts disposed of in the trash. Environment and Parks also has tasked anglers with dedicating equipment solely for use on waterbodies infected with whirling disease and not use it in other parts of the province.

With mitigation, Environment and Parks is leveraging current management strategies, legislation where it exists and establishing best practices in order to implement actions to increase fish population resilience or reduce risks. In order to accomplish the goals within the three-point action plan, a number of task teams led by ministry experts have been formed. Task team membership includes federal and provincial experts from various fields. In addition, a multi-stakeholder Whirling Disease Committee has been struck to assist with sharing information and providing advice to government.

Environment and Parks has acted quickly to prevent further spread and to protect native salmonid fish populations.

For additional information on Environment and Parks response to whirling disease see sub-strategy 4.1a: a framework to address invasive species in Alberta.

OUTCOME TWO

Sustainable economic diversification

Albertans wish to generate economic diversification through a green economy that improves human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. A green economy is one where growth in income and employment is driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency and prevent the loss of biodiversity and ecosystem services.

Investing in a greener, more efficient economy through utilization of green spaces and diversification of land-use will expand rural economies and their sustainability. The Government of Alberta will utilize policy, regulations and economic instruments to catalyze and enable the growth and efficiency of a green economy through investment and development by Albertans in green sectors such as waste, water, renewable energy, ecotourism and outdoor recreation. The development of a green economy promotes the government's bottom line of sustaining and advancing economic, environmental and social well-being now and into the future.

The following section describes performance measures and indicators, and key strategies the ministry delivered in the past year that demonstrate progress towards achievement of Outcome Two.

Outcome Two Performance Measures

The ministry's primary focus is on environmental and social outcomes, however, there are additional economic benefits to communities across Alberta that arise from nature-based outdoor recreation and tourism, and the economic activity generated by people enjoying or providing a wide range of outdoor experiences in our province. In 2016-17 efforts were continued to develop potential performance measures to reflect this economic benefit and development proved more challenging than originally expected. The development of new performance metrics is a time consuming task as it is important care be taken to ensure the metrics are robust and meaningful for the ministry. All new performance measures require sound methodologies and controls to ensure they facilitate government's accountability to its citizens and provide management with information and results that are reliable, complete, comparable and understandable. As with all performance measures under development we work to ensure they have realistic targets and sound methodologies. This work is anticipated to continue in 2017-18.

Key Strategy 2.1: Through the Alberta Climate Change office, develop and implement energy efficiency initiatives that support Alberta's Climate Leadership Plan and drive economic diversification and job growth

Results for Key Strategy 2.1 are shown above under Key Strategy 1.2.

Key Strategy 2.2: Support Alberta's progress towards a green economy to create new jobs in agriculture, forestry, transportation and construction sectors by providing leadership on adoption of greener technology

A green/greener economy provides another opportunity for Alberta to demonstrate its environmental leadership through promotion of greener technology. Failing to approach a greener economy in a holistic and integrated manner may impact other opportunities including development and implementation of coherent policy and effective Integrated Resource Management that includes consideration of the cumulative effects of greening efforts.

Environment and Park's approach to delivering this strategy is to utilize policy, regulations and economic instruments, investment and development in green sectors, focused on waste, water, energy, ecotourism and

outdoor recreation to sustain and advance economic, environmental and social well-being now and into the future. Its efforts, driven by the Alberta Governments commitment to economic diversification, are also closely tied to the Alberta Governments commitment to respond to climate change and develop sustainable nature-based recreation and tourism including providing more recreational land-use opportunities on public lands.

Alberta has a strong and vibrant recreation and tourism industry. Both Parks Canada and Environment and Parks offer formal networks for the support of recreation and tourism opportunities and Albertans enthusiastically pursue a wide range of activities in parks and on public land. The department has a role in continuing to support Albertans as we grow this industry which contributes to Alberta's greening of economic diversification, local job creation and fostering our entrepreneurial spirit through recreation and tourism development.

Key activities the department set out to deliver in 2016-17 included establishment of the Castle Wildland Provincial Park, expansion of Castle Provincial Park and development of draft management plans for both these parks. The Castle area is rich in biodiversity, is an important headwater source, and valued landscape for local and Indigenous communities. The new parks will showcase that intent and the new parks themselves will create jobs; within the next five years up to 44 full-time provincial parks staff, including additional Conservation Officers. The Alberta Government's intent to create eco-tourism and tourism-related jobs and economic stimulus in this region that aligns with the conservation and economic outcomes described in the *South Saskatchewan Regional Plan*.

For more information on the Castle Parks see Key Strategy 1.4 and Sub-strategies1.1a, 1.1b and 1.3a. For more information on outdoor recreation planning and management, and nature-based tourism, within a green economy see Key Strategy 3.2

Key Strategy 2.3: Ensure our parks and conservation efforts are creating jobs in tourism and associated industries

An estimated $68.1 million was spent on key strategies 1.3, 2.3, 3.1 and 3.2 and on related sub-strategies in 2016-17.

The department plays a foundational role within Alberta's recreation and tourism industry. We are stewards of an extensive network of 473 parks and protected areas in the province which are visited by millions of people every year. We also provide infrastructure to support visitation as well as a wide range of public safety and enforcement, educational programs, public information, nature appreciation, recreational programs and services, and destination development for rural communities across Alberta.

Many Alberta provincial parks and recreation areas are within an hour's drive of every Alberta community, providing employment and contributing to rural economic development through recreation and tourism destination development. 'Trip Advisor' often lists Alberta parks as the top attractions to visit in rural communities all across the province.

DID YOU KNOW?

Cooking Lake-Blackfoot Provincial Recreation Area is home of the Canadian Birkebeiner Ski Festival, the third largest Birkebeiner in the world.

Destination development in 2016-17 focused on expansion of the (www.albertaparks.ca) website to offer information on regional corridors in concert with Travel Alberta and with colleagues in Culture and Tourism so visitors could plan their trips to Alberta parks in a larger context. The Alberta Parks website is the principal tool for sharing information about Alberta parks with visitors. In 2016 it received more than 3.59 million visits to check trail reports, plan camping trips and discover available

recreational activities and programming. Plans are underway to expand the amount of information available to visitors on Albertaparks.ca, including photographs and videos. Social media is also an important tool to connect Alberta parks with visitors, providing up to date information on events and activities in parks as well as allowing visitors to tag our sites when they visit. There are currently more than 15,000 followers on Facebook, 6,700 on Twitter and 6,800 on Instagram. Cross marketing information via Albertaparks.ca, ReserveAlbertaParks.ca and social media helps grow the Alberta Parks brand and products recognition amongst users. It also allows communities and businesses to build upon Alberta parks to draw visitors to their products and services. The Alberta Parks brand is key to destination development, differentiating the provincial parks and protected areas system from national parks and helping Destination Marketing Organizations (e.g., Alberta Lakeland Destination Marketing Organization) promote activities, facilities and locations in their areas. An updated brand guide was developed for use in 2017.

A 2013 study indicated that Alberta parks are a 'critical cornerstone of the regional economies of the province.' Estimates at that time showed that Alberta's Gross Domestic Product is increased annually by approximately $634.7 million through Alberta parks. Wages and salaries are augmented by approximately $435.0 million annually and Alberta parks are responsible for 8,423 person years (full time equivalents).

The Alberta Government owns and operates a number of major facilities including the Canmore Nordic Centre, William Watson Lodge, Hidden Valley Ski Hill and seven major visitor centres. Other Alberta Government owned facilities are operated by third parties, including Nakiska Ski Hill and the Kananaskis Golf Course. There is also a wide range of commercial and non-profit recreation and tourism businesses that operate within or adjacent to Alberta parks, including ski hills, golf courses, fixed roof accommodation, food providers, guiders, instructors and outfitters. Work also continues under the *Land-Use Framework* to examine new opportunities for recreation in Alberta parks under each of the regional plans.

Feature Story: Reinvigorating our Regulatory Approval Processes to Support a Growing Alberta

Enormous strides were made in 2016-17 in the modernization of the approvals regulatory machinery in Alberta along with the advancement toward an integrated architecture that will make applications easier for proponents and more efficient for our staff. These are essential ingredients in a growing and diversified economy.

The department conducted a focused operation on its water boundary approvals backlogs which saw the innovative employment of staff from across Alberta come to the Capital to work only on water boundaries applications for a seven-week period. The end result was not only a significant reduction in backlog but also the harvesting of numerous lessons for process revision and simplification.

Further, the completion of the Disposition Management Realignment Project in 2016/2017 will enable its implementation in late April of 2017. This omnibus project will see the streamlining of *Public Lands Act* approvals as well as enhancements in over a dozen key areas that not only make service delivery better but also facilitate the accomplishment of an integrated approvals system.

Additionally the Department completed detailed planning for running pilot projects with the Alberta Energy Regulator that will see us incorporating lessons learned with a view to expediting our integration of approvals systems and enhancing the interoperability and data sharing between Integrated Resource Management System (IRMS) partners. These pilot projects are set to run in the summer of 2017.

All of these various initiatives and lessons learned have been applied into the development of a campaign plan to eradicate application backlog and renovate our approvals systems with clean and integrated processes that will serve our province over the next two decades. Environment and Parks is excited about the actualization of these campaign activities in 2017 and look forward to reporting back on their impact in next year's annual report.

OUTCOME THREE

Social well-being

Albertans love their province and wish to maximize the social benefits a quality natural environment provides. To complement the overall mental and physical health benefits derived from a healthy environment and ecosystem, the department manages Alberta's provincial parks system land base, facilities and infrastructure, and access to public lands. Opportunities are provided for Albertans and visitors to explore natural landscapes, engage in nature-based experiences or outdoor recreational activities, and learn about Alberta's natural heritage through the department's many educational, interpretative and experiential programs. Additional outdoor recreational activities are provided through management of water reservoirs and fish hatcheries. These interactions enhance social well-being and quality of life while contributing to the provincial green economy through Alberta's recreation and tourism industry. To ensure that these opportunities continue to be available to future generations, the department will work with Albertans including the Indigenous populations, to protect and conserve the province's air, land, water, and biodiversity.

The following section describes performance measures and indicators, and key strategies the ministry delivered in the past year that demonstrate progress towards achievement of Outcome Three.

Outcome Three Performance Measures

3.a Hunting and sportfishing licence sales:

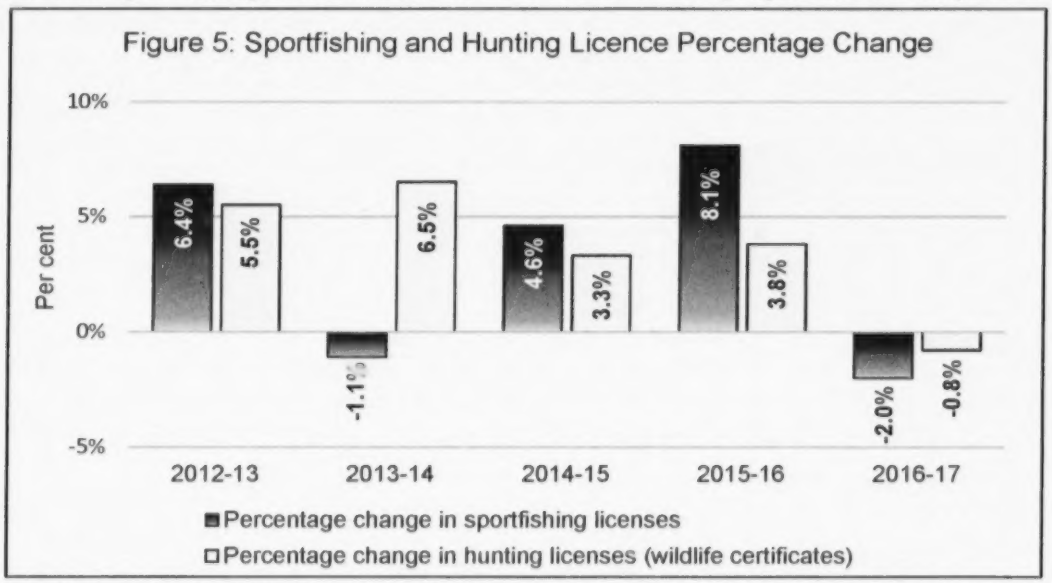
- *Percentage change of sportfishing licence sales compared to the previous year*
- *Percentage change of hunting licence sales compared to the previous year*

Albertans are proud of their province and the opportunities provided them to explore natural landscapes, engage in nature-based experiences and outdoor recreational activities. Participating in nature-based activities provides social benefits to Albertans and fosters communities that are engaged in environmental stewardship and the responsible use of nature. Experiencing nature also reduces stress, promotes active lifestyles, positively affects mood and health, allows Albertans opportunities to actively participate in natural ecosystem process and function using a recognized conservation ethic, provides food sources, is an important part of Alberta's cultural heritage and contributes toward social well-being. The ministry issues hunting and fishing licences to help maintain sustainable fish and wildlife populations and offer Albertan's opportunities to engage in hunting and fishing and to connect with nature while developing an appreciation and respect for the outdoors and wildlife. The direct economic benefits of revenue generated from licence sales helps fund the sustainable management of fish, wildlife and their habitats and contributes to outdoor recreation management. Hunting and fishing provides direct and indirect economic benefits in the form of tourism and form a very important economic driver for many of Alberta's rural communities.

Environment and Parks wants to encourage sustainable hunting and sportfishing activities in the province, particularly among young people, who will inherit the responsibility of environmental conservation into the future. These activities support and promote responsible stewardship of Alberta's natural resources for future generations, connect Albertans with nature and wildlife by drawing them from urban centres into the wilderness, and help to develop an appreciation and respect for the outdoors and Alberta's biodiversity. The hunting and fishing licence sales performance measure tracks the percentage change of sportfishing licence sales and wildlife certificate sales compared to the previous fiscal year. For this measure, a hunting licence sale refers specifically to a wildlife certificate sale (as opposed to number of licences for harvesting wildlife) because it more accurately represents the number of hunters in Alberta. The performance measure results provide a reliable estimate of the number of Alberta anglers and hunters on the landscape. The majority of hunters and anglers care about the environment and implement responsible stewardship practices. By

measuring licence sales the ministry can get a basic understanding of the level of resource utilization and environmental stewardship in the province.

Both the hunting and fishing licence numbers for 2016-17 showed a very slight decrease compared to the



previous year results, but well within the predicted annual range of variation. Licence sales over the last 11 years for both hunting and sportfishing show a positive trend. In 2015-16, the percentage change in the number of hunting licence sales was up by 3.8 per cent, whereas in 2016-17 the percentage change decreased by -0.8 per cent. In 2016-17 there were approximately 1,000 fewer hunters on the landscape. Likewise, with the percentage change in the number of sportfishing licence sales had an increase of 8.1 per cent in 2015-16, and decreased by -2.0 per cent in the 2016-17 year (Figure 5). This translates into approximately 6,000 fewer anglers on the landscape.

Targets for this measure are based on historical trending with the consideration of ministry initiatives. Some of the internal ministry initiatives that were taken into account include funding level and activities of the Alberta Conservation Association and the Alberta Professional Outfitters Society. The 2016-17 target for the percentage change of hunting licence sales was ± four per cent. This years' result was -0.8 per cent, which fell within range of the target, despite showing a decrease from the previous year. Similarly, the percentage change in fishing licence sales was -2.0 per cent and fell within the 2016-17 target range of ± five per cent. Targets were stated as a plus or minus range as the percentage change results fluctuate positively and negatively every few years. In 2016-17 both hunting and fishing results showed a decrease, however these decreases were within identified target ranges.

Sportfishing licence and hunting licence sales typically show cyclical cycles of growth and retraction over time. In the five-year span of data provided the percentage change trend shows increases and decreases over time. The small reductions seen in hunting and fishing licence sale numbers in the last fiscal year are due to several factors. Fort McMurray fires had significant localized impacts on hunting and fishing activity in the north eastern part of the province. In the fall of 2016, the Bow River watershed was declared infected with whirling disease which would have had some impact on angling activity in the south eastern streams. In addition, the economic slowdown that Alberta is experiencing would have resulted in less disposable income which could have resulted in a decrease in recreational activities. Weather continues to be an influencing factor on the number of Albertan's who engage in hunting and sportfishing. The spring and early summer of

2016 was characterized by drought conditions, this affected water levels in water bodies and streams, reducing angling opportunities in these areas. Cold and wet long weekends result in fewer sportfishing licences sold during 2016-17 and the harsh winter affected deer populations, which later reduced the number of hunting opportunities available.

In an ongoing effort to improve performance reporting the ministry is shifting this measure from annual per cent change measure to a per capita presentation. The increasing trend shown through the per capita numbers is unique to Alberta and is attributed to Alberta's management of wildlife and fish populations which provide ongoing positive experiences for Alberta hunters and anglers. By taking a science-based strategic approach, focusing on goals and objectives, the management of wildlife and fish populations can be assessed and integrated at various scales, from local to provincial. Environment and Parks staff continues delivering species management frameworks to identify and provide sustainable hunting and sportfishing opportunities for Albertans now and into the future.

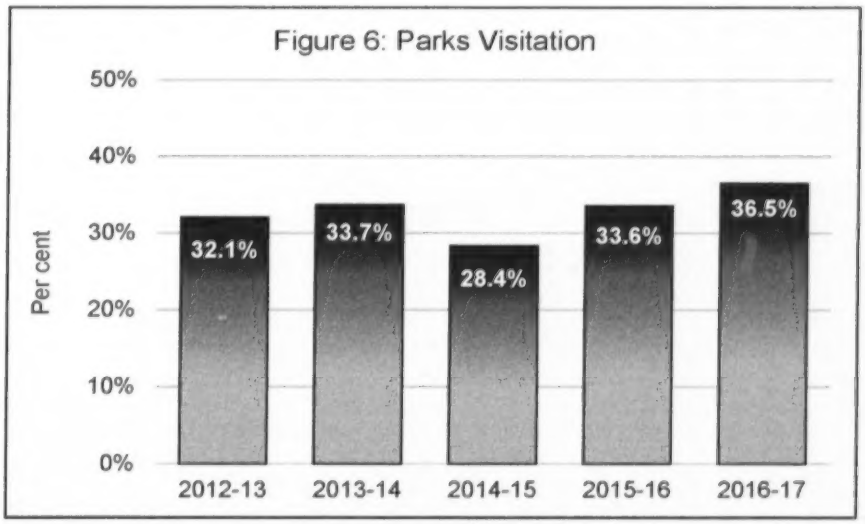
Table 1: Hunting and fishing licence numbers

Fiscal year	2012-13	2013-14	2014-15	2015-16	2016-17
Number of hunting licences (wildlife certificates)	111,568	119,057	123,438	128,077	127,020
Per cent per capita	2.9%	3.0%	3.0%	3.1%	3.1%
Number of sportfishing licences	269,462	266,598	280,425	303,212	297,237
Per cent per capita	7.0%	6.7%	6.9%	7.3%	7.1%

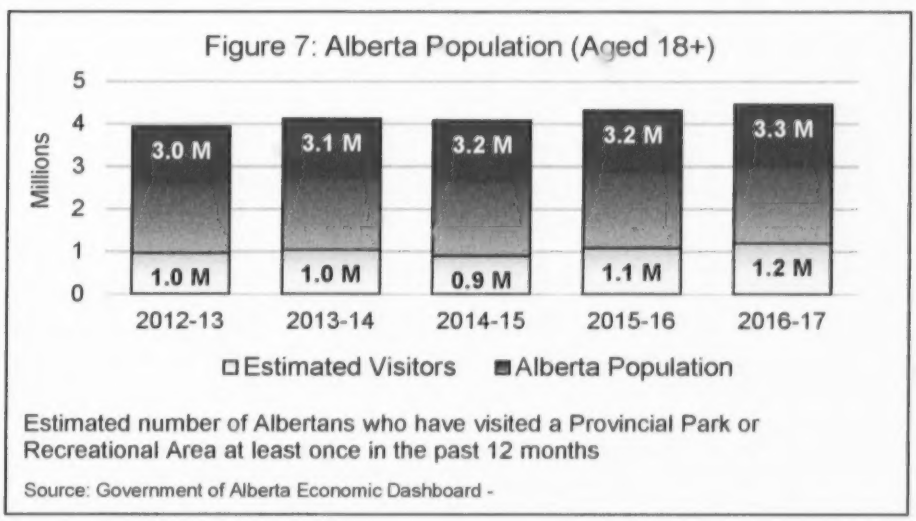
In 2015-16 the number of angling licence sales decreased from 303,212 (representing 7.3 percent of Albertans per capita) to 297,237 (representing 7.1 per cent of Albertans per capita) from 2015-16 to 2016-17 (Table 1). The number of hunting licences decreased to a smaller degree from 128,077 to 127,020. This decrease is so small that when it is reported on a per capita basis the per cent per capita of Albertans figure remains at 3.1 per cent for 2015-16 and 2016-17. However, since 2012-13 the sportfishing population has grown by approximately 28,000 anglers and the hunting population has grown by over 15,000 hunters. The total number of licence sales for hunters and anglers both show a gradual but consistent growth in Alberta on a per capita basis.

3.b Provincial park or provincial recreation areas visitation: Percentage of adult Albertans who visited a provincial park or provincial recreation area in the last 12 months

Parks and recreational areas in Alberta are a reflection of the rich diversity of societal values and landscapes in this province. Alberta has a rich cultural heritage as well as some of the most beautiful natural landscapes in Canada; the ministry manages over 28,750 square kilometers of land. There is a growing recognition of the importance of Alberta provincial parks and provincial recreation areas and how they benefit society, health, culture, economic needs, and social well-being. Albertans cultural identity, prosperous economy, physical health and well-being are intimately tied to our environment. Spending time outdoors allows Albertans to reconnect with nature and to participate in recreational and cultural activities, however, access to provincial parks and recreation areas need to be managed responsibly and sustainably. The ministry manages activities in provincial parks and provincial recreation areas, providing the public opportunities for enjoyable and safe experiences in nature through a variety of nature-based activities, which enriches social well-being.

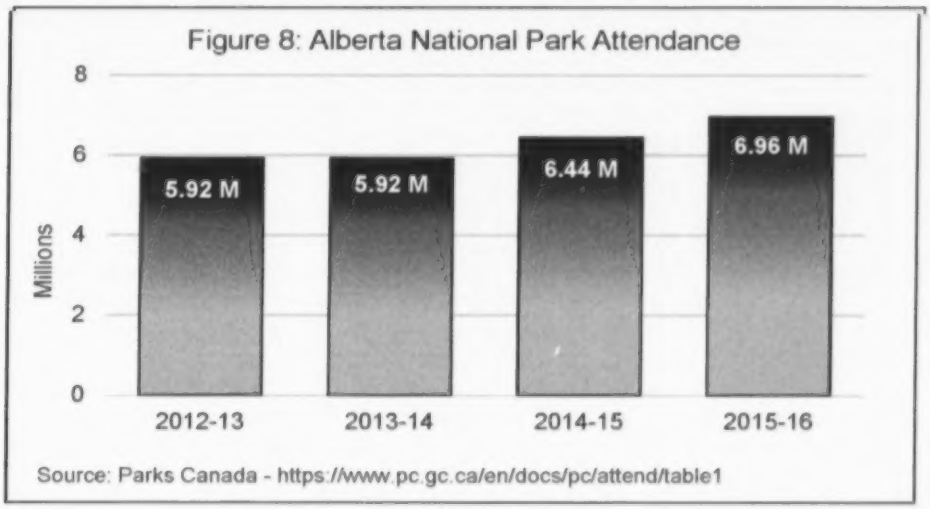


This measure portrays the percentage of adult Albertans who visited an Alberta provincial park or provincial recreation areas in the past 12 months (not including any visits to neighbourhood, city, regional or national parks). The annual Survey of Albertans identified that 36.5 per cent of Albertans visited a provincial park or provincial recreation area last year (Figure 6). This result was 2.9 per cent higher than the 2015-16 results and exceeded the target by 3.5 per cent. The target for this measure was determined by evaluating the historical results, while considering the impact of ministry initiatives for the current fiscal year. In the 2014-15 fiscal year, the ministry experienced a decrease in the results to 28.4 per cent. It is believed this value is an inconsistency resulting partly from the temporary closure of several popular day use and campgrounds facilities in the Kananaskis and south regions as a result of significant flood damage in 2013 and is not an indication of visitation changes by Albertans. Overall the results indicate that approximately one-third of Albertans visit a provincial park or provincial recreation areas annually. The trend for per cent visitation since 2012-13 depicts very slight increases over the five year reporting period. Although the visitation rate is stable year over year, when we cross reference these numbers with population statistics a different story is seen. The Survey of Albertans uses a representative sample of 1000 Albertans to learn about their experiences within provincial park or provincial recreation areas and allows us to make estimates regarding the general population. When Alberta's annual population is cross-referenced with the per cent visitation it is estimated that approximately 1.2 million Albertans visited a Provincial Park in 2016-17 compared to approximately 1.0 million in 2012-13. The results show an estimated 200,000 increase since 2012-13 with an average growth of more than 50,000 visitors per year (Figure 7).



Estimated number of Albertans who have visited a Provincial Park or Recreational Area at least once in the past 12 months

Source: Government of Alberta Economic Dashboard -



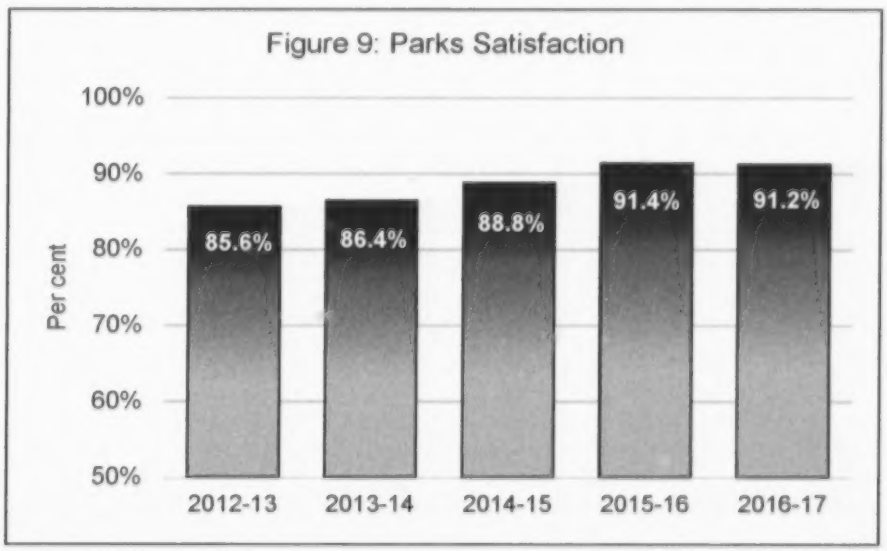
While not directly comparable because of differing methodologies, Alberta's National Parks have also seen a similar increase in visitation between 2012/13 to 2015/16 (Figure 8).

Outcome Three Performance Indicator

3.a Park visitor satisfaction:

- *Percentage of Albertans who visited provincial parks or provincial recreation areas in the last 12 months, and are satisfied with the quality of services and facilities*

Alberta parks and provincial recreation areas are places where Albertans can participate in outdoor activities, and can have enjoyable experiences in nature, which contribute toward social well-being. The park visitor satisfaction performance indicator identifies Albertans' satisfaction with the ministry's delivery of programs, facilities, and services in Alberta provincial parks and provincial recreation areas. The indicator provides the ministry with an understanding of how well these are being managed and maintained from the perspective of Albertans, thus providing a basis for assessing the quality of provincial parks and provincial recreation areas.



Consistent with last year, the majority of Albertans (91.2%) who have visited Alberta parks in the past 12 months were satisfied overall with the quality of services and facilities in the Alberta provincial parks and provincial recreation areas they visited (Figure 9). Overall satisfaction has been gradually trending upwards since 2012-13. Other results from the 2016-17 Survey of Albertans that are consistent with these findings include the following:

- 61% of Albertans who visited Alberta parks in the past 12 months would be very likely (score of 9 or 10 on a scale of 0 to 10) to recommend visiting Alberta parks to family, friends or a colleague, while only 7% say they would be unlikely to recommend (score of 0 to 6 on a scale of 0 to 10) visiting Alberta parks to family, friends or a colleague.
- 86% of Albertans agree that Alberta's provincial parks are currently ensuring sustainability of our natural landscapes
- 88% of Albertans agree that Alberta's provincial parks are currently enhancing recreational opportunities
- 87% of Albertans agree that Alberta's provincial parks are currently improving quality of life for Albertans

Over the past few years, Alberta Parks has also developed an analytic process for understanding visitor experience via a Campground Satisfaction survey. The online survey is integrated within Alberta Parks' reservation system (www.reserve.albertaparks.ca) and receives over 20,000 responses per year from visitors. The feedback provided is used to inform management decisions for improving park and campground experiences, including the development of facilities, and is critical to maintaining high levels of satisfaction throughout Alberta's Provincial Parks and Recreation Areas.

As Alberta celebrates Canada's 150th anniversary, Parks Canada is offering free admission to all national park locations across Canada. In Alberta this includes admission to Banff, Jasper, Waterton Lakes, Elk Island and Wood Buffalo National Parks. The impact of free admission to national parks on Alberta's Provincial Park and Recreation Area attendance and satisfaction is unknown at this time, but the ministry is conscious of potential impacts it may have, particularly for Provincial Parks and Recreation Areas located near the popular Banff and Jasper National Parks.

Over the next five years Alberta's Provincial Parks and Recreation Areas will receive $239 million of funding. In 2016-17 $38.3 million of this funding was allocated to maintenance funding, regional planning commitments, parks planning and flood mitigation for the Kananaskis Country Golf Course. The five-year plan includes investments implemented under the South Saskatchewan Regional Plan and the Lower Athabasca Regional Plan. This increase in funding is the first step to address deferred infrastructure funding which has left many assets such as shelters, roads, visitor information centres and water systems in poor condition. Future infrastructure investments will continue to target the creation of new campsites, as well as improving existing campsites. Over 100 Provincial Parks and Recreation Areas will see improvements in hiking trails, shower buildings, playgrounds, picnic tables, powered campsites, expanded parking lots and refurbished day-use areas. The funding will also enhance visitor experience services, enforcement, social media marketing, and public interpretive and school environmental education programs.

Capital funding is important in maintaining current levels of service across the province. The ministry expects to see consistent rates of visitation in the future, and is reliant on capital funding to maintain the high satisfaction levels it is currently achieving. Environment and Parks engages Albertans to balance access to nature with conservation objectives. Increased visitation places added pressure on the ecosystem, parks infrastructure, and staff. The ministry recognizes that there are limits to the volume of people and the amount of development provincial parks and recreational areas can sustain, and as such takes steps to limit development to areas where there will be limited environmental impact, and continues to monitor trends in visitation.

Key Strategy 3.1: Enhance Alberta's provincial parks, in conjunction with the continued implementation of the Alberta's *Land-use Framework*

An estimated $68.1 million was spent on key strategies 1.3, 2.3, 3.1 and 3.2 and on related sub-strategies in 2016-17. Any numbers reported under the sub-strategies are included in the key strategy total. Key results were demonstrated by:

Sub-strategy 3.1a: addressing the commitment to provide modern facilities, high quality recreation experiences and conservation

The department delivers projects throughout the province to maintain, upgrade, expand, and develop new park infrastructure to safeguard public health and enhance Alberta's provincial parks and provincial recreation areas through the commitment to provide modern facilities as identified in Alberta's *Plan for Parks*. This is being accomplished through delivery of the following programs and projects.

Through the provincial parks – Capital maintenance and renewal program, the department plans and implements projects to maintain and renew existing provincial parks and provincial recreation areas assets. In 2016-17, a budget of approximately $16.6 million was used to deliver nearly 30 major renewal projects (more than 40 per cent address human health and safety as part of their intended scope) and over 200 small lifecycle maintenance projects province wide. Projects included revitalization of the breakwater and marina at Kinbrook Island Provincial Park, rehabilitation of the pump house and waterlines at Queen Elizabeth Provincial Park, day use upgrades in Kananaskis Park, water and sewer line upgrade at Sir Winston Churchill Provincial Park, park water systems upgrade at Little Bow Provincial Park, sewer main and lift station upgrades at Miquelon Lake Provincial Park and a parking lot upgrade at Wabamun Lake Provincial Park. Projects also focused on scheduled replacement and upgrade of items such as roofing, siding, trail surfaces, safety railings, and vault toilets. From 2017 to 2020, the department will deliver more than double the number of small projects and over 60 significantly larger renewal projects across the province with a program budget of approximately $34.0 million annually. This is an annual increase of over $17.0 million from the 2016-17 budget. Most of these projects also address human health and safety.

The Alberta Government announced $25.0 million would be budgeted from 2016 to 2021 to deliver the *Lower Athabasca Regional Plan* (LARP) Implementation Project for enhancing visitor experiences, supporting recreation and tourism opportunities and expanding and developing new assets throughout the LARP region. In 2016-17 the department had a budget of approximately $5.0 million to begin delivery of eight projects to expand or develop new assets, including the redevelopment of the English Bay Provincial Recreation Area campground, expansion of group use sites at Maqua Lake Provincial Recreation Area and construction of new comfort cabins at Sir Winston Churchill Provincial Park. A major project, valued at approximately $2.5 million was planned for implementation at Gregoire Lake Provincial Park. However, due to the Fort McMurray wildfire and its impact on the park, this work has been rescheduled to 2017-18. From 2017-21, the department will begin, or continue delivery of approximately 40 projects. *For additional information on Provincial Parks under LARP see Sub-strategies 1.1a, 1.1b and 1.3a.*

In 2016 the Alberta Government announced $50.0 million would be budgeted from 2016 to 2021 to deliver the *South Saskatchewan Regional Plan* (SSRP) Implementation Project for enhancing visitor experiences, supporting recreation and tourism opportunities and expanding and developing new assets throughout the SSRP region. In 2016-17 the department had a budget of approximately $10.0 million to begin delivery of 30 projects to expand or develop new assets, including park redevelopment at Kinbrook Island Provincial Park, Writing-on-Stone Provincial Park, and Bow Valley Provincial Park, and redevelopment of existing provincial recreation areas in the newly established Castle Provincial Park. Major work within the Castle Provincial Park was not previously planned within the SSRP Implementation project, however due to increase in profile it was included, resulting in the reduced scope of other SSRP priorities. From 2017-21, the department will begin, or

continue delivery of approximately 80 projects. *For additional information on Provincial Parks under SSRP and the Castle area see Key Strategy 1.4 and Sub-strategies 1.1a, 1.1b, 1.1e and 1.3a.*

In addition to the above programs and projects, the department in 2016-17 continued its rebuilding projects following the 2013 floods with a budget of approximately $14.8 million. Due to stakeholder consultation work, timing of when work could be completed within waterways, and a need to reallocate funding within the department to deliver these projects, some of them will not be completed until 2017-18. Program delivery was also impacted in 2016 by the Fort McMurray wildfires as staff and budgets were diverted to wildfire recovery and restoration operations.

DID YOU KNOW?

Lakeland Provincial Park is now a Dark Sky Preserve (an area where there is no artificial light visible and where stargazing is optimal).

Through the implementation of various sized projects within the Capital Maintenance and Renewal Program, LARP Implementation Project, and SSRP Implementation Project, the department maintained, upgraded, expanded, or developed new facilities in over 100 parks throughout the province in 2016-17. Over 50 of these projects are valued at more than $100,000 each. In addition to supporting the strategy to enhance Alberta's provincial parks and provincial recreation areas through the commitment to provide modern facilities, the projects within these capital programs contribute to the stimulation of the local economy. Parks projects, totalling over $40.0 million in 2016-17, helped create jobs, both within the Alberta Government (34 new positions) and externally, and promote increased visitation at parks and surrounding municipalities.

Results for Key Strategy 3.1a also describe results related to provincial parks aspects of Key Strategy 4.3: Improve and maintain provincial park infrastructure and provincially owned water management infrastructure to ensure public health and safety.

Sub-strategy 3.1b: continuing to develop and implement strategies, including the Inclusion Strategy, Science Strategy and the Visitor Experience Strategy, to enable Albertans of all ages, backgrounds and abilities to experience nature through Alberta's provincial parks system

Services to enrich and enhance visitor experiences in Alberta's Parks and Protected Areas continue to be a critical part of departmental operations. This includes delivering a range of strategies and provincial services including web and facility based information services, marketing, programming (school and public) and reservations. It also includes providing support to the retail sector, volunteer engagement and planning under Alberta's *Land-use Framework*.

A key activity in 2016-17 under the Environment and Parks Inclusion Strategy was delivery of accessibility audits for Provincial Park sites. Results from these audits will directly address barriers to provincial park access for differently abled Albertans by way of constructing one kilometre inclusive experiences at five select provincial park sites. These inclusive infrastructure upgrades will offer barrier free access for one kilometre starting from the moment the visitor parks his or her car. Another key activity was preparing to add two additional cabins to the existing two cabins at the William Watson Lodge that meet all modern accessibility standards and provide the best level of service to Albertans. The William Watson Lodge, located in Peter Lougheed Provincial Park, was built with a mandate to provide for barrier- free accommodation for Albertans to enjoy the full Alberta parks experience. The facility is a model for barrier-free accommodation and inclusion in wilderness recreation and it has seen more than 10,000 visitors annually since opening in 1981.

Implementation of the Alberta Parks Science Strategy requires collaboration with research partners who have expertise in a particular subject area, interest in parks and protected area management and who can help deliver research needs in support of park management challenges, operations or broader initiatives (e.g., the role of parks in contributing to human health benefits). The department continued its collaboration with these researchers in 2016-17 and were able to move forward with three of seven proposed research projects in 2016-17, all of which have contributed to the Science Strategy. The proposals that were funded include:

- an examination of pro-environmental camping behaviour of park visitors;
- an examination of the role of fire in the regeneration of the endangered whitebark pine; and
- a synthesis of the historical patterns of biodiversity of Miquelon Lake Provincial Park.

Permits are required to conduct scientific research in Alberta parks. Between April 1, 2016 and January 13, 2017, 139 permits for research, monitoring or collection were granted; the majority (79) focused on research. A project is underway to integrate the permitting process for wildlife research into an on-line, 'one window' permitting system. It is anticipated this project will be complete in 2017-18.

The Alberta Parks Social Science Framework was completed in 2016-17 by a small group of department staff and academic partners who have a strong interest in both social sciences and parks and protected areas. The framework includes a mechanism to increase the amount of social science research data and information relevant to the department. The framework also outlines a process whereby priority research questions/needs are relayed to a 'consortium' of researchers and includes a process to incorporate learnings or results into park operations and management. The framework is currently being tested through a pilot project with results anticipated in 2017-18.

Ongoing development of the Alberta Parks Visitor Experience Strategy, with its visitor focused approach, is anticipated to sharpen the focus of the Alberta parks experience related to enjoying, learning from, and living with nature. Strategy delivery will focus on enhancing experience planning, marketing, information services, reservation and retail services, programming and partnerships. These partnerships include volunteers whose skills and passion are valued and relied on by the department to provide quality visitor experiences. In 2016-17 this included over 110,000 hours of time from over 2,814 volunteers according to Volunteer Coordinating Committee data.

The department continues to develop and implement tools to collate data on the full reach of education, interpretation, information and outreach programming. Analysis and reporting on 2016-17 data will occur in 2017-18 and be used to improve our programming. In 2015-16 approximately 400,000 park visitors and students participated in and benefited from these enhanced services. Formal education efforts have created accessible opportunities for schools and nearly 30,000 students have accessed and learned directly from immersion in natural environments.

Sub-strategy 3.1c: encouraging public participation in and support of Alberta Parks through a Provincial Parks Advisory Council and a Parks Conservation Foundation

Creating a Parks Advisory Council and a Parks Conservation Foundation are deliverables described in the Strategic Plan for Parks 2009-2019. They are linked to development of new provincial parks and protected areas legislation. It is anticipated that an advisory group of stakeholders will be established in 2017-18 to support development of the legislation. The Foundation will enable Albertans to more easily donate land, money and in kind goods to the provincial parks and protected areas system.

Key Strategy 3.2: Develop and implement a recreation management strategy for Crown Lands that fosters outdoor recreation planning and management, and nature-based tourism, within a green economy

An estimated $68.1 million was spent on key strategies 1.3, 2.3, 3.1 and 3.2 and on related sub-strategies in 2016-17.

The Executive Directors for Outdoor Recreation Committee (ED4Rec) is a collaborative cross-ministry advisory group accountable for advancing departmental direction for outdoor recreation management on Crown (Public) Lands in Alberta. In 2016-17 ED4Rec developed a central work plan to guide its work and established several task teams to further actions directed by the ED4Rec Committee. Key actions over the next three years will focus on developing and delivering on ED4Rec core business areas including:

- departmental governance and accountability;
- strategic plan development and accountability measures;
- compliance, enforcement, education and outreach practices;
- resource requirements and potential funding mechanisms; and
- communications and stakeholder relations.

The Outdoor Recreation Management Workshop was delivered on October 19-20, 2016 at the Hinton Training Centre in Hinton, Alberta. The workshop provided a forum for government staff to collectively move forward on projects that contribute to a cohesive plan of action for outdoor recreation management.

In recognition of the growing pressures on public land in 2016-17, the ministries of Environment and Parks and Justice and Solicitor General (Fish and Wildlife Enforcement Branch) set out to collaboratively develop and deliver a provincial public lands enforcement program. This program is part of an overall compliance approach for managing public activities (including recreational and other non-disposition type activities) on public lands. A cross-ministry Public Lands Enforcement Committee was established to oversee the development and implementation of this program as well as other enforcement work. The committee was mandated to develop and deliver an effective and efficient compliance assurance program to address non-compliance with public lands legislation on Alberta's public lands and develop the 2016-17 Compliance Plan for Public Activities on Public Lands. Delivery of this program and plan will generate federal, provincial and municipal enforcement agencies partnerships and leverage their collective enforcement experience. Enforcement agencies involved include Alberta Parks Conservation Officers, Alberta Fish and Wildlife Officers, Alberta Agriculture and Forestry Officers, Commercial Vehicle Enforcement Officers, Municipal Peace Officers and the Royal Canadian Mounted Police. Collaborative activities including joint patrols will provide an enhanced and timely enforcement presence on vacant public lands. These efforts demonstrating the departments intention towards better managing and fostering outdoor recreation will be supported by the recent reintroduction of specified penalties as a compliance and enforcement tool.

In the area of 'Engineering' a system of public land recreation opportunities on public land, advances have been made in Recreation Management Planning on public land. Specifically, a series of stakeholder and First Nation workshops were held in Southern Alberta to inform Recreation Management Plans for Porcupine Hills recreational trail and camping location planning. Further, work proceeded in Rig Street area of North Saskatchewan Regional where a positive partnership has been formed with the Clearwater Trails initiative – a multi-sector group including Clearwater County. A recreational trail system will be completed in 2017.

Compliance, an integral component of recreation management, is promoted through education and prevention, and compelled through enforcement. Public education, prevention and enforcement efforts made during the summer and fall months have a key impact on year round use, as many users are multi-season recreationalists. Key compliance activities in 2016-17 are outlined below and demonstrate the department's commitment to environmental stewardship and educating public on responsible use and environmental protection:

- A variety of education and outreach initiatives promoted safe and responsible recreation activities to users of Alberta's public land. Activities included participation at seven outdoor enthusiast shows and Expos located across the province, development and distribution of more than 36,000 responsible recreation education materials, an extensive social media campaign utilizing several Government of Alberta Facebook and Twitter accounts and the development of approximately 1,400 regional education and regulatory signs.
- Approximately 78,000 user contacts on public lands resulting in 6,800 enforcement actions.

The positive impacts of the enhanced and concentrated compliance program is seen in the change in attitudes and behaviours of many recreational users in a variety of areas. Many problem areas remain to be addressed in future years and the need to expand this program to other areas is recognized. Continuing the strong, coordinated, multi-agency approach is the clear route forward. Also required will be continued and expanded financial commitment and shared direction from the Alberta Government regarding outdoor recreation management on public lands.

In the 2016-17 fiscal year Environment and Parks spent an estimated $1.4 million on a provincial public lands enforcement program. Additional support was provided through the department's regular enforcement programs.

The work to implement this key strategy also supports key strategies in the Ministries of Culture and Tourism, and Indigenous Relations as described in their 2016-19 Business Plans:

- Culture and Tourism Key Strategy 2.1: Develop a suite of programs and services to support tourism entrepreneurs and investment attraction, including shoulder and winter seasons;
- Culture and Tourism Key Strategy 2.2: Lead the development of the Castle Region Tourism Strategy to identify opportunities to support tourism development in the region; and.
- Indigenous Relations Key Strategy 1.2: Improve socio-economic outcomes for Indigenous communities and peoples by providing support to Indigenous communities to increase the success of Indigenous peoples in Alberta's economy.

It is anticipated an inter-departmental executive level workshop will be conducted in 2017-18 to set future direction and discuss additional revenue generation opportunities for this program. This workshop (along with the Hinton session referenced above) will inform the department's long-term strategy for outdoor recreation management.

For more information on Alberta's progress towards a green economy see Key Strategy 2.2.

Feature Story: A new look at the usual way of doing things: outdoor recreation in Alberta

It might have been a first.

In the fall of 2016 staff members from three different ministries came together to discuss the beginning of a comprehensive, collective approach to outdoor recreation management in Alberta. Led by Environment and Parks, the Outdoor Recreation Management workshop was an opportunity for staff members with a range of backgrounds to mutually explore new initiatives in recreational land-use across the province.

The workshop was a major step in advancing outdoor recreation management on public lands as a strategic priority. Executing it in cooperation with cross-government colleagues, the department is showing stakeholders and the public it is serious about managing outdoor recreation differently. But it wasn't this collaborative approach that was new. In recent years, for example, a variety of provincial, municipal and national enforcement agencies have worked together to manage outdoor recreationalists on the land over long weekends. What was new in this picture was the wider angle of our lens.

More than enforcement, our scope included education, engineering, evaluation, planning and policy development. Open to consideration were the potential social, economic and environmental impacts of outdoor recreation on public lands both within and outside of the Alberta parks and protected areas system.

This opens several opportunities for economic development and diversification through more holistic and diversified land-use – in particular, the opportunities of outdoor recreation as part of a greener economy. The layered processes and additional challenges of enabling nature-based tourism, ecotourism and a range of new outdoor activities invites the ministry to take a new look at the usual way of doing things.

Additionally, by placing a wider and more strategic emphasis on land-use, the department can better manage Alberta's development footprint and watershed protection while meeting public expectations for a wide variety of desired economic, environmental and social outcomes.

This work benefits all of government, and the department has been working with colleagues from Culture and Tourism, Economic Development and Trade, Treasury Board and Finance, Energy, Justice and Solicitor General and Transportation to ensure alignment. The ED4Rec team (comprised of members from all divisions of Environment and Parks as well as executive directors from other ministries) leads this effort.

Key Strategy 3.3: Initiate revision of the Alberta Fish and Wildlife Policy to address increased and changing pressures

Presently Environment and Parks' fish and wildlife management decisions are guided by the 1982 Fish and Wildlife Policy for Alberta. As the policy is outdated and a number of management issues including species at risk, disease, invasive species and habitat conservation have arisen, a renewed policy developed with engagement and input from stakeholders, Indigenous peoples and Albertans is needed. Work on renewing the policy commenced in 2015. An estimated $7 million was spent on this key strategy in 2016-17.

Significant cross-ministry interest in refreshing the Fish and Wildlife Policy was expressed during an internal to government workshop held in October 2016 (attendance by Municipal Affairs, Transportation, Agriculture and Forestry, Indigenous Relations, Alberta Energy Regulator, Energy, Environment and Parks, Justice and Solicitor General). Additionally, collaboration with the Ministry of Indigenous Relations resulted in a well-considered engagement approach with Indigenous peoples being developed. Initial discussions with Indigenous peoples proceeded with two meetings held with the *South Saskatchewan Regional Plan* Sub-Table in November 2016 and January 2017, and the North Saskatchewan Regional Plan Sub-Table. Public facing documents (e.g., department business plan, correspondence by minister and deputy minister) and discussion with stakeholder groups have also raised the profile of the initiative.

Feature Story: Clicking into (first) place – Alberta Parks' updated online reservation system wins Project of the Year

Very exciting news: the Reserve.AlbertaParks.ca campground reservation system modernization project won the 2016 Project of the Year award, in the Government category, from the Northern Alberta chapter of the Project Management Institute.

Seven years have passed since the online centralized reservation and registration service was put in place for campers to use in the 2009 camping season. The system was developed to act as an economic driver for the province and was met with overwhelming demand. Developed in partnership with Sierra Systems Group, Inc. and Silvacom, Ltd. (Team Sierra), the system has enabled over 350,000 citizens and tourists alike to discover the natural beauty of the province.

Since 2009, technology, trends and styles have significantly evolved. Digital behaviours are progressing at a fast pace, and the public now uses mobile devices more than desktops, pushing social media to the number one activity performed on the internet. The time had come to take Reserve.AlbertaParks.ca to the next level and reclaim its position as a world-class solution.

The objectives for this version of the online system were to:

- allow campers to access the system anywhere and from any device;
- enable a responsive, mobile version of Reserve.AlbertaParks.ca for the 2016 camping season;
- continue to offer the best user experience possible for campers;
- improve application performance; and
- provide campers convenient and relevant access to even information within the system.

Working closely with Team Sierra over the past 11 months, the department achieved the objectives of this important project. To ensure success, there were many technology challenges to overcome. A modernized web architecture was implemented to improve speed and reliability, the user interface was refreshed with a responsive "mobile-first" design methodology to give campers a rich, multi-device experience and social media capabilities were integrated to leverage the changing user behaviour.

Since the successful launch of the new online system on April 26, 2016, the response from campers has been very exciting. The number of reservations on a daily basis increased significantly, analytics indicate access to Reserve.AlbertaParks.ca from mobile devices has been very high and positive feedback and praise from campers on the new look has been consistent.

OUTCOME FOUR

Protected public health and safety from environmental conditions and events

As indicated by the science of climate change, catastrophic events such as floods, fires and drought will increase in frequency and severity. In addition, the negative health effects of air pollution, resulting in chronic respiratory conditions, hospital admissions, untimely deaths and a strain on the health care system are now better understood. The Climate Leadership Plan will significantly reduce air pollution from the electricity by ending coal power emissions and transitioning to cleaner sources of electricity. Under the plan, pollution from coal-fired electricity will be phased out by 2030. Environment and Parks is also playing a role in protecting Albertans through the delivery of the Climate Leadership Plan and significant investments for flood resiliency, including major infrastructure improvements for the city of Calgary and surrounding Southern Alberta communities to avoid the impacts from another catastrophic flood as experienced in 2013.

Environment and Parks continues to provided one of the oldest and finest provincial environmental emergency response capabilities in the country along with a robust emergency management program nested inside the Alberta Public Safety System, The Department continues to work with Health, Municipal Affairs, the Alberta Emergency Management Agency, and other ministries and agencies to assure the public is protected now and in the future from the adverse effects of environmental conditions and events. Drinking water facilities that require an approval or registration under the *Environmental Protection and Enhancement Act* are regulated. Safety and economic impacts from environmental emergencies are addressed by department prevention, mitigation, response, and recovery measures.

Ministry support is provided through education, training, planning, forecasting, assessment, coordination, recommendations for grant funding to municipalities and First Nations, and the management of water infrastructure, wildlife interaction and environmental emergencies. Examples of this include implementation of the Climate Leadership Plan, problem wildlife management, flood hazard mapping, flood forecasting, flood recovery and mitigation by water operations infrastructure management, flood and drought adaptation funding programs, and enhanced flow monitoring programs. Collaborative efforts by Albertans are key to assure protected public health and safety and to build community resilience to the impacts of catastrophic events.

DID YOU KNOW?

It is mandatory that all carriers of water-based vessels report to inspection stations to have their boats, trailers and other water-related equipment checked for invasive species.

The following section describes performance measures and indicators, and key strategies the ministry delivered in the past year that demonstrate progress towards achievement of Outcome Four.

Outcome Four Performance Measures

The Drinking Water Quality performance indicator (percentage of facilities with no significant drinking water incidents) under outcome four in the ministry 2015-18 business plan was removed in anticipation of the development of a more robust measure focused on achieving protected public health and safety from environment conditions and events.

Key Strategy 4.1: Develop and implement plans and programs to anticipate and minimize impacts of major catastrophic events and to protect communities

An estimated $77.1 million was spent on this key strategy and sub-strategies ($1.6 million on invasive species and $75.5 million on flood mitigation) in 2016-17. Any numbers reported under the sub-strategies are included in the key strategy total. Key results were demonstrated by:

Sub-strategy 4.1a: a framework to address invasive species in Alberta

The introduction and spread of invasive species is one of the greatest threats to biodiversity and the preservation of native species. Invasive species are a significant and well documented threat to Alberta's ecosystems and economies, and come in many forms: terrestrial plants (e.g., spotted knapweed); aquatic plants (e.g., flowering rush); aquatic invertebrates (e.g., zebra mussels); fish (e.g., Asian carp); mammals (e.g., Norway rat); and arthropods (e.g., gypsy moth). In response the Government of Alberta initiated development in 2016-17 of an Invasive Species Framework to increase the coordination and effectiveness of invasive species management, building support and credibility among stakeholders and the public. Initial framework development included soliciting support and a champion to lead the effort. Additional key activities delivered in 2016-17 included:

DID YOU KNOW?

Over 70 Parks Division staff were involved in the immediate response to house evacuees of the May 2016 Fort McMurray fires.

- Addressing terrestrial and aquatic invasive plant issues where possible given current resourcing;
- Establishing a Western Canada Aquatic Invasive Species Agreement with neighbouring jurisdictions;
- Participation in the Federal/Provincial/Territorial Alien Invasive Species Task Force that provided recommendations to manage invasive species; and
- Expansion of the Aquatic Invasive Species Program to address new threats from eastern and southern jurisdictions.

Future plans include:

- Holding an invasive species program workshop for all Government of Alberta program area staff and key stakeholders to solicit information and develop a gap analysis for invasive species management in the province;
- Conducting a jurisdictional review of other Invasive Species Programs;
- Developing options for improving invasive species management within Alberta and in the Federal/Provincial/Territorial setting;
- Seeking Cross-Ministry approval for the draft Invasive Species Framework; and
- Implementing the Invasive Species Framework.

The total budget for Environment and Parks associated invasive species management programs was approximately $2.3 million in 2016-2017. (Note: this does not include invasive species programs led by other Ministries, e.g., terrestrial weeds and Mountain Pine Beetle housed in Alberta Agriculture and Forestry.) This budget included approximately $2.0 million for the Aquatic Invasive Species Program and, $200,000 and $100,000 for management of invasive species on rangelands and in Alberta's Parks respectively.

The Aquatic Invasive Species Program has made great strides since its inception in 2013. Partners and key stakeholders have provided overwhelming support for the program, and it has become an established part of invasive species prevention and management in the province. The success of the program can be attributed to these partnerships, including key recommendations from the Alberta Water Council, as well as passionate and dedicated staff. In 2016 over 19,000 watercraft were inspected; nearly one-third of those from 'high risk'

areas. Seventeen mussel-fouled boats were intercepted. Data from these inspections indicates boaters originated from 42 US states and every province and territory in Canada except Prince Edward Island. Also in 2016, over seventy waterbodies were monitored for invasive mussels; all results were negative. The 'Clean Drain Dry (Your Boat)' campaign continued in 2016 and reached over 2 million people using mainstream media channels. The 'Don't Let it Loose' campaign launched in 2016 and targeted the intentional release of aquatic pets/fish and non-native plants. Control projects for flowering rush, Phragmites and carp (goldfish) were also implemented in 2016. The expansion of the watercraft inspections element of the Aquatic Invasive Species Program demonstrates the proactive nature of the department, recognizing that prevention is far more cost effective than waiting for an introduction of invasive mussels. Alberta is currently facing threats on the provinces eastern border (established mussel populations in Manitoba, Ontario and Quebec) and its southern border (many US states, including most recently, two high use reservoirs in Montana). Responding to these threats is a key focus of the Aquatic Invasive Species Program and critical to prevention of aquatic invasive species introductions by watercraft (the most likely source of an introduction). Watercraft inspections are one of the main prevention measures that Alberta can take to safeguard the province's water-operated infrastructure, industry, and aquatic environment. In addition, Environment and Parks grants for aquatic invasive species prevention and management were awarded to the Alberta Invasive Species Council (flowering rush control trials and outreach), and InnoTech (support for project to pursue registration of an invasive mussel control agent with the federal government). The Western Provinces Aquatic Invasive Species Agreement was signed in 2016, and a Directors Committee and Working Group established to enhance collaboration and partnerships in aquatic invasive species prevention and management across the west. Signatories to the Agreement include British Columbia, Alberta, Saskatchewan, Manitoba and the Yukon. Immediate benefits include enhanced coordination and resolution of challenges associated with the application of control products that assist in managing invasive species.

Environment and Parks recognizes the threats and impacts associated with invasive species on the environment and local economies. The department's response to an outbreak of whirling disease in Southwestern Alberta in 2016 demonstrated its ability to take timely action on an aquatic invasive species or fish disease outbreaks. When the whirling disease outbreak was detected the department managed its response by implementing its draft 'Early Detection, Rapid Response Plan' which included quickly initiating an Incident Command System to guide the emergency response phase of its response.

The White Area Terrestrial Invasive Species Program continued in 2016-17. Municipalities and land owners depend on the department's ability to respond to introductions and spread of invasive weeds on public lands. In 2016 department field staff responded to numerous reports of invasive weeds in the white area (i.e., 'settled' area of the province). However, competing priorities for staff time meant fewer than desired responses were carried out. Work to address this concern continues. In 2016-17 the department partnered with 19 Municipal Districts and Counties through partnership contracts or letters of intent to complete terrestrial weed control work including survey, chemical control, biocontrol releases and hand pulling projects on vacant public land and bed and shore areas. In addition, third party contracts were also completed on vacant public land as budget permitted.

Management of invasive species in Alberta parks continued in 2016-17. Working with partners including the Alberta Invasive Species Council and InnoTech, the department increased its ability to respond to invasive species introductions and enhance access to control products. It is anticipated the envisioned Invasive Species Framework will help inform and guide this work in the future.

A number of challenges were experienced during the delivery of departmental invasive species management activities in 2016-17. These include funding to effectively deliver all elements of the invasive species program, especially enforcement, and a lack of coordinated legislation. As part of the Invasive Species Framework development process, a jurisdictional review will be conducted, which may lead to recommendations in streamlining legislation and regulations.

Sub-strategy 4.1b: a comprehensive flood mitigation plan to reduce community flood and drought vulnerability with:

- **an enhanced flood plain and flood hazard mapping program;**
- **flood plain development regulations limiting future development in provincially-mapped flood hazard areas;**
- **watershed-based structural flood and drought mitigation options;**
- **local government level grant funding under the Alberta Community Resilience Program and Watershed Resiliency and Restoration Program to mitigate future flood and drought events; and**
- **enhanced flood and drought communication and tools.**

After widespread flooding in 2013 the Government of Alberta committed to increasing the resilience of vulnerable communities to future flood events. In response the department established a collaborative approach with staff from the Ministry of Municipal Affairs and Alberta Emergency Management Agency to develop and implement plans and programs to anticipate and minimize impacts of major catastrophic events and to protect vulnerable communities. While there is broad alignment on future direction, progress on a comprehensive flood mitigation plan is dependent on Alberta Government policy decisions.

DID YOU KNOW?

There's approximately 15-20 "avalanche involvements" reported to Alberta Parks every season?

The department continued work in 2016-17 on improving the flood and drought resilience of our province through key activities including enhancement of the floodplain and flood hazard mapping program. Updated and new flood hazard mapping will allow communities to better understand the risks to development in flood hazard zones and support better planning decisions. Five mapping studies began in September 2015 and a sixth study began in September 2016. Over 560 kilometres of mapping are expected to be completed between Fall/Winter 2017 and Spring 2018. The studies include mapping along the Bow, Elbow, Highwood, Sheep, Peace, and Athabasca Rivers, including key sections through Canmore, Stoney Nation, Cochrane, Bragg Creek, Tsuut'ina Nation, Calgary, Okotoks, Turner Valley, Black Diamond, and High River. The studies replace about 245 kilometres of existing mapping and create approximately 315 kilometres of new mapping with an overall budget of approximately $5.5 million. The five studies started in 2015 are well underway and significant progress has been made on several components including hydrology assessment, survey and base data collection, hydraulic modelling, and channel stability investigation. However, due to the unprecedented scope of the studies, length of river being studied, data collection delays due to inclement weather, the number of communities covered and the department's commitment to engage local authorities in review of draft data, completion dates are now targeted for Fall/Winter 2018. The lessons learned to date have informed project management plans for subsequent studies, but managing expectations regarding stakeholder engagement and public release of forthcoming reports remains challenging. An additional five studies are planned to start in early 2017 pending approval to proceed and establishment of National Disaster Mitigation Program funding agreements. These studies will produce over 550 kilometres of mapping by Spring 2019, replacing 120 kilometres of existing mapping and creating 430 kilometres of new mapping, including key sections through Sundre, Red Deer, Priddis, Medicine Hat, and Siksika Nation. The anticipated budget for these planned studies is approximately $8.9 million.

Another key activity in 2016-17 focused on local government level grant funding under the Alberta Community Resilience Program (ACRP) and Watershed Resiliency and Restoration Program to mitigate future flood and drought events. In 2016-17, the Alberta Community Resilience Program entered its second year of a 10-year program. Nineteen projects, totaling $42.0 million were approved for 2016-17 fiscal year funding. In addition,

seven previously approved projects are also scheduled to receive the second of two grant installments which were allocated from the 2016-17 funding – totaling $18.5 million. This year, a total of $61.0 million will be disbursed through ACRP. Funding to municipalities is directed to a range of projects including water/wastewater infrastructure projects, storm water management projects, and community protection and public safety. The Watershed Resiliency and Restoration Program aims to increase and restore the natural ability of the province's watersheds to reduce the intensity, magnitude, duration and effects of flooding and drought through watershed mitigation measures. The total amount of grant funds allocated to the program was $18.5 million, with $17.5 million being allocated in the first two years. In 2016-2017 the remaining fund (approximately $989,000) was allocated to 12 new projects, which will be fully expended by the end of the fiscal year. Project work will continue from all the granted projects through to March 2018. In 2016-2017, the program was allocated additional grant funds of $14.0 million over the next four years, extending it through 2020-2021. The time required to process approved grants presented a challenge to the program resulting in missing the year's outdoor working season. This was mitigated with a one-year extension of project timelines for approved projects, and regular communication with applicants to provide the best information possible. All funded projects help local communities in Alberta meet the key strategy's goal of minimizing the impact of future catastrophic events.

A focus on enhanced flood and drought communication and communication tools occurred in 2016-17. A critical step to ensure public safety is dissemination of warnings as early as possible to people in vulnerable communities. In support of this the ministry's River Forecast Team continues to improve its communication and forecasting ability through the release of the Alberta Rivers mobile app and revised Alberta River Basins webpage. In the website, additions have been made to the information available to emergency managers through the portal, specifically the provision of radar data and improvements to the precipitation mapping. Historic data from the old website has been moved to the new website, and new to both the app and web site is the availability of river ice observation reports and visual representation of the river ice data. The cost for the website upgrade was $300,000 and the app development cost $155,000. Additional initiatives for this fiscal year are a review of model and data control platforms, a review of different hydrological modelling tools, and a modernization of the River Forecast Centre. Budget for these three initiatives is $670,000.

Key Strategy 4.2: Continue ministry facility and infrastructure recovery work arising from the 2013 Southern Alberta floods

The Expedited Approvals Process for Flood Recovery was created in 2013 as a one-window approach for flood-affected Albertans to apply for the authority to work around water under the *Water Act* and *Public Lands Act*. This process concluded its work in March 2017 and prior to that processed 826 flood related applications in Calgary, 145 flood recovery approvals in Lethbridge with 37 and eight being processed respectively, in 2016-17. In addition, four hydrologic models used to estimate flow and water quality on streams in the South Saskatchewan region were re-calibrated and repaired.

The Backcountry Trails Flood Rehabilitation Program (BTFR) budgeted approximately $3.5 million to rebuild soft infrastructure damaged during the 2013 flood event and to repair priority backcountry recreational trails and infrastructure on public lands. Since 2013 a total of 146 projects have been completed (70 in 2016-17) including installation of 112 bridges (38 in 2016-17) and restoration of over 450 kilometres of damaged backcountry trails (approximately 100 kilometres in 2016-17). An additional 35 projects are planned for 2017-2018. Trail repairs and infrastructure completed by the BTFR Program will require inspection and maintenance to ensure they continue to be safe for public use and the environmental conditions adjacent to trails and crossing do not deteriorate. Supporting policy direction and resourcing related to recreation on public lands remain overarching challenges for this program. *See Key Strategy 3.2 for more information on outdoor recreation management.*

The Fisheries Habitat Enhancement and Sustainability (FISHES) Program focuses on restoring fish populations and habitats directly or indirectly impacted from instream work conducted under the Expedited Approval Process during the 2013 flood. Results delivered in 2016-17 included an overview and detailed habitat assessments completed for all Tier One (primary) creeks (Silvester Creek, Allison Creek, Elbow River, Lynx Creek, Waiparous Creek, Hidden Creek, Waiparous Bridge, and Bio-Engineering Demonstration and Education Projects) and Tier Two (secondary)' creeks (Threepoint Creek, Carbondale River and Lyon's Creek). In 2016-17 the program also developed a new science based tool to identify and prioritize potential projects for consideration under the FISHES Program. This tool has attracted national attention from organizations, both government and resource management stakeholders, as a springboard for developing similar national level tools using the FISHES work as a model. This tool was used to select projects for delivery in 2017-18, Resources to complete its mandate and monitor completed projects remain a challenge for this program.

An estimated $18.7 million (operational) and $8.0 million (capital) was spent on this key strategy in 2016-17.

Key Strategy 4.3: Improve and maintain provincial park infrastructure and provincially owned water management infrastructure to ensure public health and safety

Results for provincial park infrastructure are found under Key Strategy 3.1a.

The department operates and maintains approximately $8.5 billion in water management infrastructure throughout the province. This includes large and small dams, irrigation headworks, erosion, and flood protection works, agricultural drainage systems, lake stabilizations systems and other environmental enhancement projects. The department plays a key role in delivering effective water management, preserving healthy aquatic habitats, and ensuring public safety through operational excellence. The department recognizes the health and socio-economic impact of an adequate water supply for all Albertans and the impact of operational decisions on Albertans.

The department's water management infrastructure is maintained under the Capital Maintenance and Renewal Program, and the Flood Mitigation Capital Program. Both programs are delivered in partnership with Alberta Transportation. The department determines projects, priorities and requirements while Alberta Transportation manages projects and budgets. The ongoing Capital Maintenance and Renewal Program addresses deferred maintenance and newly identified projects based on criticality. Flood mitigation capital enhancements identified after the 2013 flooding are being addressed under the Flood Mitigation Capital Program.

The department ensures our provincially owned water management infrastructure is operated and maintained to the highest industry standards and best practices. Providing world-class technical leadership and expertise, ensures the safe and effective operation, maintenance, surveillance and rehabilitation of water management infrastructure owned, operated by the department.

Responsible, deliberate life cycle planning including capital maintenance investments ensures Alberta's water management infrastructure is safe in meeting the operational, structural and regulatory requirements. The Capital program saw the completion of numerous projects including Taylor Wasteway and Bullhorn Wasteway replacements and completion of Travers and Little Bow dams flood and capacity enhancements, controls upgrades at Dickson Dam and Oldman Dam, new outlets at Coal Lake and Women's Coulee dams, and a new spillway and other major improvements at Chain Lakes Dam.

The majority of capital and flood mitigation expenditures were directly related to infrastructure enhancements that have resulted in significant flood management and resulting public safety improvements to provincially owned dams and related infrastructure.

With stable capital maintenance funding forecast through 2020, the department will be able to more effectively plan and deliver projects in the medium to long term. This will result in more improvements to the overall safety of provincially owned Water Infrastructure.

The 2013 flooding resulted in more general public awareness about the department's water management infrastructure. This in turn has resulted in a significant increase in time and resources required for public consultation. Historical time allocations for these processes are proving inadequate and in some cases, the increased consultation requirements have resulted in project delays. To address this, more focus is being directed to consultation planning as part of the overall project and schedule.

Key Strategy 4.4: Develop a revised regulatory and governance approach to ensure safe and quality drinking water to all Albertans

In 2016-17 work focused on completing a review of regulatory options for enhanced drinking water systems and engaging with municipal representatives and associations to explore current gaps and opportunities relating to sustainable drinking water systems. The work also focused on assessing opportunities for enhanced coordination with other federal and provincial agencies in supporting drinking water opportunities with Indigenous communities. An estimated $2.1 million was spent on this key strategy in 2016-17.

For additional information on drinking water systems for Indigenous communities see Key Strategy 1.5.

Anticipated future activities include identifying opportunities and options to enhance regulatory approaches, funding and partnerships with respect to current drinking water and wastewater system design and continued efforts to support and enhance First Nations with respect to achieving safe drinking water and environmentally acceptable wastewater discharges.

Feature Story: Alberta's Environmental Support and Emergency Response Team turns 10

What is ASERT?

Alberta Environment and Parks Support and Emergency Response Team is part of a branch within the ministry that coordinates the preparedness and response to environmental emergencies.

Why was ASERT established?

Days after the 2005 CN train derailment into Wabamun Lake, the Environment Minister set up a privately led Environmental Protection Commission to review the Emergency Management System in the province. One of their ten recommendations was to set up a stand-alone group to provide coordination and oversight when an environmental emergency occurs. In between incidents, the team would work on preparedness, outreach, research and establishing relationships with other agencies.

What kinds of activities and work does ASERT normally do?

The team is divided up into two sections: plans and operations.

Plans generally looks after development and maintenance of internal processes and procedures – for example, the flood and drought plan, aquatic invasive species rapid response plan, and externally, with the Alberta Emergency Management Agency on the dangerous goods response plan, foreign animal disease eradication plan, among many others.

On the operations side, ASERT is involved with operational readiness, ensuring that equipment for environment and ASERT staff is available and working – with respirators and respirator fit tests, outreach with fire departments and other agencies such as Alberta Health, Alberta Emergency Management Agency, B.C., Saskatchewan, the Alberta Energy Regulator, for example.

ASERT's work includes evaluation, response and coordination of all types of environmental emergencies including spills, releases, fires, derailments, truck roll-overs, industrial and municipal incidents, as well as participation in the consequences of floods, drought and other natural events (for example, Southern Alberta floods, Slave Lake and Fort McMurray fires).

How was ASERT involved in the Fort McMurray wildfire work?

ASERT's entire branch was involved with coordinating the emergency response of the wider ministry as well as staffing the Provincial Operations Centre, establishing a presence at the Regional Operations Centre in Fort McMurray and liaising with the Lower Athabasca Regional staff, the Alberta Environmental Monitoring, Evaluation and Reporting Agency and many others. Specific duties involved handling all of the logistics for accommodations, transport and security for all ministry, and Alberta Environmental Monitoring, Evaluation and Reporting Agency staff in the affected area. As well, ASERT participated in building the daily situation reports, answered specific questions for communications and liaised with department staff on status reports, equipment movement and staff whereabouts. ASERT was also in direct communications with the executive team on all environment-related aspects of the response and the reintroduction of residents.

What do you see ahead for the team?

Because of the dynamic nature of government, things often change. However, ASERT has lasted by proving its value, being involved in all major events over the last decade, including items that may not be considered "emergencies" such as our recent involvement with invasive mussels, black bullhead cat fish and coordinating the whirling disease response with Federal National Parks and the Canadian Food Inspection Agency. The future of ASERT is well laid out. We must continue to improve the response system provincially, reinforce the department's emergency culture, continue outreach, develop new plans and adjust old ones, and enhance innovation and research.

Performance Measures and Indicators Data Sources and Methodology

Performance Measures

1.a Municipal solid waste to landfills

This measure indicates Alberta's progress towards reducing the amount of municipal solid waste disposed in municipal landfills, as measured in kilograms of waste per capita per year. Residential waste from municipalities, and waste from the industrial, commercial and institutional sector, as well as waste from the construction, renovation and demolition sector disposed of in municipal landfills or participating private landfills are included in this measure. The calculation is based on the kilograms of municipal solid waste sent to landfill and the population served by each reporting landfill.

The information is collected from landfills with weigh scales and is voluntarily provided. The measure is calculated using the most up-to-date population statistics, either the Ministry of Municipal Affairs' official provincial population list or Statistics Canada's Census data. Approximately 86 per cent of Alberta's population had access to service provided by reporting landfills in 2016. Estimates are used for the remaining population and are derived by multiplying the per capita disposal rate with the unmeasured population. The 2014 result was revised from 666 to 669 kilograms per capita to correct an insignificant misstatement due to a formula error.

Source: Ministry of Environment and Parks

Performance Indicators

1.a Provincial air quality index

This indicator measures the percentage of good air quality days in Alberta. Alberta's Air Quality Index (AQI) is calculated based on a minimum of four and a maximum of five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter (PM2.5), which are measured hourly. The pollutant that gives the highest AQI value for each hour determines the AQI for that hour. The hourly AQI number is compared to AQI ranges that represent good (0-25), fair (26-50), poor (51-100) and very poor (>100) air quality. These categories are derived using formulas based on Alberta's Ambient Air Quality Objectives. The total number of hours of good air quality is divided by the total number of hours with an AQI value for all stations in the year which meet completeness criteria. These fractions are then multiplied by the number of days in the year to determine the number of days in each air quality range. The number of days of good air quality is expressed as a percentage of the days in the year, to give the final performance indicator result. Environment and Parks and Airsheds monitor these pollutants and submit the results of this monitoring to Alberta's Ambient Air Quality Data Warehouse (AAAQDW) which houses the source for this metric. New monitoring stations situated in urban centres are given consideration for proximity to industrial and non-industrial sources.

Results from 2016 are based on data from seventeen stations, located in Edmonton (4 stations), Calgary (3 stations), Fort McMurray (2 stations), Red Deer (2 stations), Grande Prairie, Cold Lake, Fort Saskatchewan, Sherwood Park, Medicine Hat and Lethbridge (1 station each). A station must have a valid AQI value for at least 75 per cent of hours in the year to be included in the calculation. A new station installed in St. Albert in 2016 did not operate for a sufficient portion of the year to meet this requirement, but will likely be included in the indicator results next year. The number of stations may change from year to year as stations are added, relocated, or if operational difficulties result in less than 75 per cent of AQI values being available. The figures reported in the 2016-17 annual report have been shifted to one decimal point to reduce rounding errors in the information.

Source: Parkland Airshed Management Zone, Calgary Region Airshed Zone, Fort Air Partnership, Peace Airshed Zone Association, Palliser Airshed Society, Wood Buffalo Environmental Association, Lakeland Industry and Community Association, Alberta Capital Airshed and the Ministry of Environment and Parks Environmental Monitoring and Science Division.

1.b Species at risk

This performance indicator tracks the percentage of species at risk in the province. The species at risk cycle of evaluation goes through the following steps: General status assessment, detailed status assessment, *Wildlife Act* listing, recovery planning, prevention strategies, and implementation.

The general status assessment is completed every five years and involves gathering information from various sources (universities, conservation organizations, federal and provincial government and industry). This information is analyzed by wildlife biologists to generate a general status description. Within this report each species receives a general status rank for each vertebrate species (mammals, birds, amphibians, reptiles and fish) in Alberta. The ranking is based on population size, population dispersion/distribution, and trend in population, trend in distribution, threats to populations and threats to habitat. Species are ranked according to nine categories: 'at risk', 'may be at risk', 'sensitive', 'secure', 'undetermined', 'not assessed', 'exotic/alien', 'extirpated/extinct', or 'accidental/vagrant'. Species that are identified as 'at risk' or 'may be at risk' under the general status description exercise then proceed to a details status assessment which includes the development of a detailed status report.

The detailed status report is prepared by species experts who compile currently available and relevant information about species 'at risk' or 'may be at risk'. This report is shared with the Scientific Subcommittee (SSC) of the Endangered Species Conservation Committee (ESCC) which applies criteria developed by the International Union for Conservation of Nature (IUCN). In the detailed status report, species are categorized according to six categories: Extinct, extirpated, endangered, threatened, species of special concern, and data deficient. The Endangered Species Conservation Committee (ESCC) considers the SSC's detailed status recommendation and makes a recommendation to the Minister of Environment and Parks on the assessed status of the species, as well as on any appropriate response. The minister reviews the recommendations and makes a decision on detailed status designation.

Species that are designated as endangered or threatened are then legally identified as such under Alberta's *Wildlife Act* and a recovery plan is developed. Data deficient species become a higher priority for future work such as surveys and focused research, and species of special concern become eligible for special management actions. The overall recovery goal for most species is to restore them to viable, naturally self-sustaining populations within Alberta. However, for some species with naturally very small populations or limited ranges, the goal may be to maintain their numbers. Management plans provide guidance for species and habitat conservation strategies designed to lead to the direct improvement of a species' population and/or habitat.

The performance indicator is calculated using the general status ranks for all vertebrates in the province. The analysis is limited to vertebrates because the department is continually assessing the status of new and often poorly known, taxonomic groups. In order to make long-term comparisons meaningful, only vertebrate ranks are used. The indicator is calculated by taking the number of vertebrate species At Risk (i.e. those identified as Endangered or Threatened) and dividing that by the total number of vertebrate species known in the province multiplied by 100. The methodology for determining species at risk and taxonomy across jurisdictions remains consistent. An 'At Risk' designation will highlight the fact that a species has been legally defined as either Endangered or Threatened under Alberta's *Wildlife Act*.

The most recent results were available in 2015; next available results for 2020 will be reported on in Environment and Parks 2020-21 annual report. Data corrections have been applied across all reporting periods to improve data consistency and comparability. The corrections resulted in an increase in 2005 from

2.2 per cent to 3.4 per cent, and increased in 2010 from 3.6 per cent to 3.7 per cent, and in 2015 a decrease from 5.5 per cent to 4.2 per cent.

Source: Ministry of Environment and Parks

1.c Total greenhouse gas emissions

As a signatory to the United Nations Framework Convention on Climate Change Canada, Environment and Climate Change Canada is obligated to prepare and submit an annual national greenhouse gas inventory covering anthropogenic emissions by sources and removals by sinks. The total greenhouse gas emissions indicator utilizes greenhouse gas (GHG) emissions data taken from Environment and Climate Change Canada's National Inventory Report 1990-2015: Greenhouse Gas Sources and Sinks in Canada. Environment Canada is responsible for preparing Canada's official national inventory with input from numerous experts and scientists across Canada. Environment and Parks reports on Alberta's total emissions as reported in the National/Provincial/Territorial Tables. Canada's Inventory can be found at: http://www.ec.gc.ca/ges-ghg/default.asp?lang=En&n.

Data and methods used to develop the emission and removal estimates presented in the National Inventory Report are consistent with internationally accepted Intergovernmental Panel on Climate Change methodologies and reference documents. Data collection, validation, calculation and interpretation take almost 16 months from the end of the last reporting year which results in a two year reporting delay. Environment and Climate Change Canada estimates greenhouse gas emissions by multiplying the level of human activity resulting in emissions over a certain time period by emission factors. Emission factors are based on samples of measurement data, and are representative rates of emissions for a given activity level under a given set of operating conditions. They are the estimated average emission rate of a given pollutant for a given source, relative to units of activity. Guidelines produced by the Intergovernmental Panel on Climate Change for countries reporting to the United Nations Framework Convention on Climate Change (http://unfccc.int/2860.php) provide methods for calculating greenhouse gas emissions from a given human activity. Greenhouse gas emissions are reported in carbon dioxide equivalents (CO_2 eq), determined by multiplying the amount of emissions of a particular gas by the global warming potential of that gas. Greenhouse gases differ in their ability to absorb heat in the atmosphere due to their differing chemical properties and atmospheric lifetimes.

The United Nations Framework Convention on Climate Change has adopted updated global warming potentials to normalize emissions of all greenhouse gases to a reference gas (carbon dioxide), and implemented several methodological changes. As part of the continuous improvement process, recalculations are performed by Environment and Climate Change Canada annually on the previously reported greenhouse gas emission estimates, to reflect updates to source data and estimation methodology. The National Inventory Report provides a summary of the recalculations that occurred due to methodological changes and/or refinements since the previous submission, with a brief description, justification and summary of individual impacts on previously reported emission estimates. The 2014 results for Alberta were corrected from 274 to 276 million tonnes of CO_2 eq.

Source: Environment and Climate Change Canada and the Ministry of Environment and Parks

Performance Measures

3.a Hunting and sportfishing licence sales

This performance measure reports on the percentage change of hunting wildlife certificates and resident sportfishing licence sales. All Alberta hunters are required to purchase a Wildlife Certificate as a prerequisite to any other hunting licences making this an ideal measure to reflect the number of recreational hunters. The performance measure results provide a reliable estimate of the number of licenced anglers and hunters. The measure assumes that individuals who hunt and fish exercise responsible stewardship practices contributing toward social well-being.

Data for this measure is sourced from Active Network Ltd which manages the Resource Licensing Management System (RELM). The RELM system is used to process licensing transactions and produce summary sales reports reflecting residents who purchase hunting wildlife certificates or resident sportfishing licences. Alberta youth anglers under the age of 16, Albertans seniors aged 65 and older, and all indigenous people are not included in this measure as they are exempt from licensing requirements. Sportfishing activities occurring within Alberta's National Parks are administered by the Federal Government are also not captured. The measure counts the total number of resident sportfishing licence sales and wildlife certificate sales in each fiscal year period. This is represented as percentage change from the previous fiscal year.

Source: Ministry of Environment and Parks

3.b Provincial park or recreation areas visitation

Refer to 3.a below for the Provincial Park or Recreation Areas visitation methodology.

Performance Indicators

3.a Park visitor satisfaction

The Provincial park or provincial recreation areas visitation performance measure tracks Albertans engagement in Alberta's natural heritage and nature-based outdoor recreational and educational activities. The park visitor satisfaction indicator tracks Albertans satisfaction with Alberta parks and conserved natural landscapes. Enjoyable and safe experiences in nature and nature-based outdoor recreation activities contribute toward the social well-being of Albertans. Results for the performance measure and performance indicator are collected through the annual Survey of Albertans. An independent consultant is contracted to conduct a telephone survey with a random sample of 1000 Albertans aged 18 or older. To survey a random and representative sample of adult Albertans, quotas are established for the number of interviews within six geographic areas of the province and within each geographic area, for each age group (i.e., 18 – 34, 35 – 54, 55 years or older) and, within each age segment, for the number of interviews with males and females. The survey sampler draws a random sample from the most recent residential and cellular phone listings of Alberta. The "Birthday Method" of selecting respondents, where the interviewer asks to speak to the adult of the household who most recently had a birthday, is used in order to ensure a random selection within households. A methodology change was introduced in 2014-15, with the introduction of cellular phone sample to supplement calling traditional landline telephones, to improve the response rate of the survey. The final survey distribution is controlled to ensure the overall sample's regional and age/gender composition reflects that of the actual Alberta population aged 18 or older according to 2016 Census data. The margin of error for the total sample of 1000 is ± 3.1 percentage points, at a 95% confidence level.

The provincial park or provincial recreation areas visitation performance measure is calculated by dividing the number of survey respondents who indicated they visited an Alberta provincial park in the past 12 months by the total number of survey respondents. The measure is validated by asking respondents to confirm the name of the specific provincial parks or recreation areas they visited to in the past 12 months, to ensure results are

not overstated by visits to neighborhood, city, regional or national parks. The provincial park or provincial recreation areas visitor satisfaction performance indicator is calculated by dividing the number of survey respondents who indicated they visited an Alberta provincial park in the past 12 months and were either satisfied or very satisfied with the quality of services and facilities by the total number of survey respondents who indicated they visited an Alberta provincial park or Recreation Area in the past 12 months.

Source: Ministry of Environment and Parks

Financial Information

Annual Report

2016-2017

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Ministry of Environment and Parks

Consolidated Financial Statements

Year Ended March 31, 2017

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Environment and Parks, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Environment and Parks as at March 31, 2017, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 6, 2017

Edmonton, Alberta

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual (Restated)
	(in thousands)		
Revenues (Schedule 1)			
Government Transfers			
Internal Government Transfers	$ 3,154	$ 1,354	$ 1,462
Transfers from Government of Canada	685	1,531	8,340
Investment Income	44	3,574	2,494
Premiums, Fees and Licences	110,255	114,146	116,315
Climate Change and Emissions Management Fund – Industry Purchase of Fund Credits	101,000	160,414	199,775
Other Revenue	71,380	53,451	49,411
	286,518	334,470	377,797
Expenses – Directly Incurred (Note 2(b) and Schedules 2, 3 and 4)			
Programs			
Ministry Support Services	71,156	64,440	65,446
Air	17,565	23,892	41,020
Land	45,724	54,138	37,161
Water	76,528	73,360	71,199
Fish and Wildlife	24,503	29,006	24,846
Integrated Planning	39,076	35,298	29,678
Parks	92,451	98,855	92,587
Emissions Management	-	-	7,371
Climate Leadership Plan	235,000	93,599	-
Land Use Secretariat	10,305	4,699	5,689
Science and Monitoring	70,520	64,616	67,655
Quasi-Judicial Bodies	11,845	15,533	12,352
2013 Alberta Flooding (Note 16)			
Non Disaster Recovery Program Expenses	100,357	94,684	116,030
	795,030	652,120	571,034
Annual Deficit	$ (508,512)	$ (317,650)	(193,237)

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2017

	2017	2016 (Restated)
	(in thousands)	
Financial Assets		
Cash and Cash Equivalents (Note 4)	$ 602,988	$ 425,297
Accounts Receivable (Note 5)	63,399	122,291
	666,387	547,588
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	183,770	119,905
Deferred Revenue (Note 9)	71,705	61,741
Liability for Contaminated Sites (Note 10)	1,379	1,379
	256,854	183,025
Net Financial Assets	409,533	364,563
Non-Financial Assets		
Tangible Capital Assets (Note 7)	1,415,464	1,384,908
Prepaid Expenses (Note 6)	6,605	7,481
	1,422,069	1,392,389
Net Assets Before Spent Deferred Capital Contributions	1,831,602	1,756,952
Spent Deferred Capital Contributions (Note 9)	17,259	15,367
Net Assets	$ 1,814,343	1,741,585
Net Assets at Beginning of Year	$ 1,741,585	$ 1,514,181
Adjustment to Net Assets (Note 15)	(527)	25,536
Annual Deficit	(317,650)	(193,237)
Net Financing Provided from General Revenues	390,935	395,105
Net Assets at End of Year	$ 1,814,343	1,741,585

Contingent Liabilities (Note 11)
Contractual Obligations (Note 12)

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF ENVIRONMENT AND PARKS

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual (Restated)
		(in thousands)	
Annual Deficit	$ (508,512)	$ (317,650)	$ (193,237)
Acquisition of Tangible Capital Assets	(148,690)	(67,141)	(26,068)
Amortization of Tangible Capital Assets (Note 7)	44,001	42,637	41,579
(Gain) Loss on Sale of Tangible Capital Assets		(20)	636
Proceeds on Disposal/Sale of Tangible Capital Assets		2,753	3
Write-downs of Tangible Capital Assets		873	234
Change in Prepaid Expenses		876	889
Change in Spent Deferred Capital Contributions (Note 9)		1,892	(1,697)
Other Adjustments (Note 15)		(10,185)	(259)
Net Financing Provided from General Revenues		390,935	395,105
Increase in Net Financial Assets		$ 44,970	217,185
Net Financial Assets at Beginning of Year		364,563	147,378
Net Financial Assets at End of Year		$ 409,533	364,563

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2017

	2017	2016 (Restated)
	(in thousands)	
Operating Transactions		
Annual Deficit	$ (317,650)	$ (193,237)
Non-cash Items Included in Annual Deficit		
Amortization of Tangible Capital Assets (Note 7)	42,637	41,579
Deferred Capital Contribution recognized as Revenue (Note 9)	(858)	(1,697)
(Gain) Loss on Disposal of Tangible Capital Assets	(20)	836
Write down of Tangible Capital Assets	873	234
Donation of Capital Asset	200	(275)
	(274,818)	(152,760)
Decrease (Increase) in Accounts Receivable	58,892	(86,468)
Decrease in Prepaid Expenses	876	889
Increase in Accounts Payable and Accrued Liabilities	63,865	47,625
Increase (Decrease) in Deferred Revenue	10,999	(8,766)
Increase in Liability for Contaminated Sites	-	214
Cash (Applied to) Operating Transactions	(140,186)	(199,266)
Capital Transactions		
Acquisition of Tangible Capital Assets	(67,141)	(26,068)
Proceeds on Disposal/Sale of Tangible Capital Assets	2,753	15
Cash (Applied to) Capital Transactions	(64,388)	(26,053)
Financing Transactions		
Impact of Restatement	(8,670)	-
Net Financing Provided from General Revenues	390,935	395,105
Cash Provided by Financing Transactions	382,265	395,105
Increase in Cash and Cash Equivalents	177,691	169,786
Cash and Cash Equivalents at Beginning of Year	425,297	255,511
Cash and Cash Equivalents at End of Year	$ 602,988	425,297

The accompanying notes and schedules are part of these consolidated financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Environment and Parks (the ministry) operates under the authority of the *Government Organization Act*, Chapter G-10, revised Statues of Alberta 2000 and its regulations. The ministry also operates under the authority of the following acts:

Organization	Authority
Department of Environment and Parks	*Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act* *Black Creek Heritage Rangeland Trails Act* *Provincial Parks Act*, except sections 14 and 15 *Recreation Development Act* *Water Act* *Alberta Land Stewardship Act* *Wilderness Areas Ecological Reserves, Natural Areas and Heritage Rangelands Act* *Willmore Wilderness Park Act* *Environmental Protection and Enhancement Act* *Drainage Districts Act* *East Central Regional Water Authorization Act* *Hunting, Fishing and Trapping Heritage Act* *North Red Deer Water Authorization Act* *County of Westlock Water Authorization Act* *Responsible Energy Development Act* *The Bighorn Agreement Validating Act* *The Brazeau River Development Act*
Climate Change and Emissions Management Fund	*Climate Change and Emissions Management Act* *Oil Sands Emissions Limit Act* *Climate Leadership Act*
Land Stewardship Fund	*Public Lands Act*
Natural Resources Conservation Board	*Natural Resources Conservation Board Act*
Energy Efficiency Alberta	*Energy Efficiency Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

The ministry consists of the Department of Environment and Parks, the Climate Change and Emissions Management Fund, the Land Stewardship Fund, the Natural Resources Conservation Board, and Energy Efficiency Alberta. Funding is also provided for the Surface Rights Board, the Land Compensation Board, the Environmental Appeals Board, and the Public Lands Appeal Board, which are accountable to the Minister of Environment and Parks.

NOTE 1 AUTHORITY AND PURPOSE (Cont'd)

As proud stewards of air, land, water, biodiversity and a system of provincial parks and protected area, the Ministry of Environment and Parks leads the achievement of desired environmental outcomes and sustainable development of natural resources for Albertans.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity and Method of Consolidation

The reporting entity is the ministry for which the Minister of Environment and Parks is accountable. The accounts of the Department of Environment and Parks (including the Environmental Appeal Board, the Surface Rights Board, the Public Lands Appeal Board and the Land Compensation Board), are fully consolidated with the Natural Resources Conservation Board, the Climate Change and Emissions Management Fund, the Land Stewardship Fund, and Energy Efficiency Alberta on a line-by-line basis.

The accounts of government sector entities, except those designated as government business enterprises, are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities, where applicable, are adjusted to conform to government accounting policies and the results of each line item in their financial statements (revenue, expense, assets and liabilities) are included in government results. Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated.

(b) Basis of Financial Reporting

Revenues
All revenues are reported on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as deferred revenue.

Government Transfers
Transfers from all governments are referred to as government transfers.

Government transfers are recognized as deferred capital contributions and deferred revenue if the eligibility criteria for use of the transfers, or the stipulations together with the ministry's actions and communications as to the use of transfers, create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the ministry complies with its communicated use of these transfers.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Government Transfers (Cont'd)
All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Donations and Non-government Contributions
Donations and non-government grants are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government grants may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations and non-government grants are recognized as revenue in the year received or in the year the funds are committed to the ministry if the amounts can be reasonably estimated and collection is reasonably estimated.

Externally restricted donations, non-government grants and realized gains and losses for the associated externally restricted investment income are recognized as deferred revenue if the terms for their use, or the terms along with the ministry's actions and communications as to the use, create a liability. These resources are recognized as revenue as the terms are met and, when applicable, the ministry complies with its communicated use.

Grants and Donations for Land
The ministry recognizes transfers and donations for the purchase of land as a liability when received, and as revenue when the ministry purchases the land. The ministry recognizes in-kind contributions of land as revenue at the fair value of the land. When the ministry cannot determine the fair value, it records such in-kind contributions at a nominal value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs which comprise the cost of the employer contributions for current service of employees during the year, and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

Incurred by Others

Services contributed by other related entities in support of the ministry's operations are not recognized and are allocated to programs in Schedule 4.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Liabilities

Liabilities represent present obligations of the ministry to external organizations and individuals arising from transactions or events occurring before the year end. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amount.

Liabilities also include:

- all financial claims payable by the ministry at the year end,
- accrued employee vacation entitlements, and
- contingent liabilities where future liabilities are likely.

Liability for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from operation(s) that is no longer in productive use and is recognized when all of the following criteria are met:

i. an environmental standard exists;
ii. contamination exceeds the environmental standard;
iii. the ministry is directly responsible or accepts responsibility;
iv. it is expected that future economic benefits will be given up; and
v. a reasonable estimate of the amount can be made.

Non-Financial Assets

Non-financial assets of the ministry are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets of the ministry are recognized at historical cost and amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recognized at their fair value at the time of contribution.

Amortization is only charged if the tangible asset is put into service.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Tangible Capital Assets (Cont'd)
When physical assets (tangible capital assets) are gifted or sold for a nominal sum, the net book value of these physical assets, less any nominal proceeds, are recognized as grants in kind.

Prepaid Expenses
Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The areas subject to measurement uncertainty include:

- Royalties and disturbance fees on dispositions, recognized as $1,198 (2016 - $947), are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on dispositions when clients fail to comply with the lease, permit, or disposition requirements. Although system enhancements have been made, there is still a risk that all sources of unreported income from self-assessed revenues cannot be identified. The ministry does not estimate the amount of unreported royalties or disposition fees.
- Liability for contaminated sites recognized as $1,379 (2016 - $1,379) is estimated based on the current site assessment, including the source and type of the contaminant. During remediation, further site assessments and/or sampling results may materially change the estimate. These changes could be the result of factors such as expanded area of contamination; a revised assessment of the source or introduction of a new source; re-sampling at deeper depths; and cost fluctuations where remedial work is conducted over several years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Measurement Uncertainty (Cont'd)
(in thousands)

- Climate Change and Emissions Management Fund includes accounts receivable recognized as $16,000 for the period January 1 to March 31, 2017 (2016 - $68,000) are estimated by using 2015 and 2016 emissions and production data, 2017 facility requirements, 2017 production, where available; and potential compliance preferences of each facility. Management has assessed a high likelihood that there will be increased usage of credits in the 2017 compliance year due to forward looking prices changes and communicated government intention to restrict usage of credits in upcoming regulation for 2018 and onwards. For the 2017 period a 50 per cent probability was assigned to the use of the fund only for sites which have exclusively used the fund for compliance against 2013 and 2014. Actual results could vary by a material amount because methodologies including estimation techniques and emission factors are used in emissions measurement.
- Dam and water management structures are recognized as $812,934 (2016 - $805,711). Several factors, including the extent and manner of usage, physical damage, removal from service or change in law or environment, can affect the usage and service life. Therefore impairment, if any, useful life and amortization are subject to measurement uncertainty. Further analysis is needed to evaluate and determine if impairment exists and/or if adjustments to remaining useful life and amortization expense are required.
- Provision for doubtful accounts, expensed as $1,398 (2016 - $193) is based on the assumption that at March 31, 2017 the following will not be collected:
  - 5% of the accounts receivable between 32 and 90 days
  - 50% of the accounts receivable between 91 and 365 days
  - 100% of the accounts receivable over 365 days, and
  - Companies in receivership, bankruptcy, *Companies' Creditors Arrangement Act* (CCAA) protection or has filed a Notice of Intention to File a Proposal.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) Future Accounting Changes

The Public Sector Accounting Board has issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosures required for related party transactions. PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; and PS 3380 defines and establishes disclosure standards on contractual rights.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities.

- **PS 3450 Financial Instruments (effective April 1, 2019)**
  The ministry has not yet adopted this standard and has the option of adopting in fiscal year 2019-20 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

Management is currently assessing the impact of these standards on the consolidated financial statements.

NOTE 3 PROGRAM TRANSFER/GOVERNMENT REORGANIZATION

(in thousands)

Effective April 1, 2016, the Ministry of Justice and Solicitor General transferred responsibilities for the Parks Conservation Enforcement program to the Ministry of Environment and Parks as a result of the reversal of the Budget 2012 decision to split the functional duties of conservation officers between the respective ministries. The transfer represents an equivalent of 25 percent of the funding and 100 percent of the Full-Time Equivalents (FTEs) as the remaining 75 percent was already with Environment and Parks.

On May 27, 2016, Bill 18 received Royal Assent, repealing the *Protecting Alberta's Environment Act* with an effective date of June 30, 2016, dissolving the Alberta Environmental Monitoring, Evaluation and Reporting Agency (AEMERA). The core AEMERA functions of science and monitoring transitioned into the new Environmental Monitoring and Science Division in Environment and Parks.

Comparatives for 2016 have been restated as if the ministry had always been assigned with its current responsibilities.

Net Assets as previously reported at April 1, 2015	$	1,513,856
Transfer from Ministry of Justice and Solicitor General for the Conservation Enforcement transfer		325
Restated Net Assets at April 1, 2015	$	1,514,181
Accounts Payable and Accrued Liabilities reported at March 31, 2016	$	119,677
Transfer from Ministry of Justice and Solicitor General for the Conservation Enforcement transfer		228
Restated Accounts Payable and Accrued Liabilities at March 31, 2016	$	119,905
Annual Deficit as previously reported at March 31, 2016	$	(181,655)
Transfer from Ministry of Justice and Solicitor General for the Conservation Enforcement transfer		(2,971)
Alberta Environmental Monitoring, Evaluation and Reporting Consolidation Adjustment		(8,611)
Restated Annual Deficit at March 31, 2016	$	(193,237)

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2017, securities held by the fund have a time-weighted return of 0.9% per annum (2016: 0.8% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 5 ACCOUNTS RECEIVABLE

(in thousands)

	2017			2016
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value (Restated)
Accounts receivable	$ 51,269	$ (4,051)	$ 47,218	$ 54,186
Climate Leadership Plan – Industry Purchase of Fund Credits	16,181	-	16,181	68,105
	$ 67,450	$ (4,051)	$ 63,399	$ 122,291

Accounts Receivable are unsecured and non-interest bearing.

NOTE 6 PREPAID EXPENSES

(in thousands)

Prepaid expenses are comprised of:

	2017	2016
Prepayment of future access rights under the Bassano Dam settlement agreement with the Siksika Nation	$ 6,534	$ 7,423
Prepayment of employee benefits and purchase deposits	-	58
Prepayment for capital lease payment	71	-
	$ 6,605	$ 7,481

NOTE 7 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land[1]	Buildings	Equipment[2]	Computer Hardware and Software[3]	Land Improvements	Highways and Roads	Dam & Water Management Structures[4]	Other[5]	2017 Total	2016 Total (Restated)
Estimated Useful Life	Indefinite	10-50 years	3-40 years	3-10 years	10-40 years	20-50 years	20-80 years	5 years		
Historical Costs[6]										
Beginning of year	$ 282,564	$ 208,175	$ 96,687	$ 74,645	$ 375,251	$ 4,894	$ 1,244,213	$ 330	$ 2,286,759	$ 2,238,198
Additions	3,344	7,225	4,948	2,785	22,217	1,051	25,572	-	67,142	26,068
Disposals, including write-downs	-	(1,168)	(681)	(3,334)	(7)	(200)	(101)	-	(5,491)	(2,349)
Transfer In (Out)	5,248	1,247	4,651	1,263	(5,889)	(144)	-	-	6,376	24,842
Asset Reclassification In (Out)	-	(87)	132	(1)	(51)	-	95	-	88	-
	$ 291,156	$ 215,392	$ 105,737	$ 75,358	$ 391,521	$ 5,601	$ 1,269,779	$ 330	$ 2,354,874	$ 2,286,759
Accumulated Amortization										
Beginning of year	-	112,550	70,985	56,530	221,912	1,358	438,502	14	901,851	861,749
Amortization expense	-	6,027	4,846	4,798	8,495	60	18,343	68	42,637	41,579
Effects of disposals including write-downs	-	(501)	(520)	(3,300)	-	-	-	-	(4,321)	(1,477)
Effects of transfers and adjustments	-	339	(726)	-	(356)	-	-	(14)	(757)	-
	$ -	$ 118,415	$ 74,585	$ 58,028	$ 230,051	$ 1,418	$ 456,845	$ 68	$ 939,410	$ 901,851
Net Book Value at March 31, 2017	$ 291,156	$ 96,977	$ 31,152	$ 17,330	$ 161,470	$ 4,183	$ 812,934	$ 262	$ 1,415,464	
Net Book Value at March 31, 2016	$ 282,564	$ 95,625	$ 25,702	$ 18,115	$ 153,339	$ 3,536	$ 805,711	$ 316		$ 1,384,908

(1) Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.
(2) Equipment includes office, laboratory, heavy and mobile equipment, vehicles and furniture.
(3) Computer Hardware and Software includes a 3 year Capital Lease of storage. Capital cost is $1,534.
(4) Dam and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Ministry of Transportation and transferred to the Ministry of Environment and Parks upon their completion.
(5) Other tangible capital assets include leasehold improvements (amortized over the life of the lease).
(6) Historical costs includes work-in-progress at March 31, 2017 totalling $125,275 (2016 Restated - $89,600 comprised of: buildings $17,123 (2016 Restated - $9,780); equipment $12,333 (2016 Restated - $17,060); computer hardware and software $10,407 (2016 - $8,487); land improvements $48,849 (2016 - $36,408); dam improvements $32,632 (2016 - $13,492), highway and roads $1,791 (2016 - $1,115); and land $2,140 (2016 - $3,258).

All intangibles inherited by right of the Crown such as Crown lands, water, and mineral resources are not recognized in these consolidated financial statements.

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2017	2016 (Restated)
Accrued liabilities	$ 143,405	$ 82,842
Accounts payable general	11,857	11,334
Capital lease	1,045	-
Vacation pay	27,463	25,729
	$ 183,770	$ 119,905

The ministry entered into a capital lease in April 2016, consisting of two storage servers. The lease expires on March 31, 2019 and the ministry will own the asset at the end of the lease term for a purchase price of one dollar. The lease is amortized on a straight-line basis over 36 months (the term of the lease). The lease cost and associated amortization is recorded in Note 7.

Estimated lease payments for the remaining years are as follows

Fiscal Year	Total
2017-18	$ 547
2018-19	547
	$ 1,094
Less Interest	(49)
Total Lease Liability	$ 1,045

NOTE 9 DEFERRED CONTRIBUTIONS AND DEFERRED REVENUE

(in thousands)

	2017	2016 (Restated)
Spent deferred capital contributions and transfers (a)	$ 17,259	$ 15,367
Deferred revenue (b)	71,705	61,742
	$ 88,964	$ 77,109

NOTE 9 DEFERRED CONTRIBUTIONS AND DEFERRED REVENUE (Cont'd)

(a) Spent deferred capital contributions

	2017			2016
	Federal government	Non-government	Total	Total
Balance at beginning of year	$ 7,730	$ 7,637	$ 15,367	$ 17,064
Adjustment of amortization rate for Calgary Weir	-	2,618	2,618	-
Transferred Capital Assets Received/Receivable	-	132	132	-
Less amounts recognized as revenue	(640)	(218)	(858)	(1,697)
Balance at End of Year	$ 7,090	$ 10,169	$ 17,259	$ 15,367

(b) Deferred revenue

	2017			2016
	Federal government	Non-government	Total	Total (Restated)
Balance at beginning of year	$ 611	$ 61,131	$ 61,742	$ 75,383
Cash contributions received/receivable during year	281	68,979	69,260	95,036
Less amounts recognized as revenue	(281)	(59,016)	(59,297)	(108,677)
Balance at End of Year	$ 611	$ 71,094	$ 71,705	$ 61,742

NOTE 10 LIABILITY FOR CONTAMINATED SITES

(in thousands)

The composition of liabilities is as follows:

	2017	2016
Liabilities at Beginning of Year	$ 1,379	$ 1,165
Transfer from Environmental Protection and Enhancement Fund	-	214
Liabilities at End of Year	$ 1,379	$ 1,379

The ministry has accepted responsibility to perform remediation work and is currently monitoring at the West Arrowwood, Parkland Underground Storage Tanks and Huck Finn Food and Gas Bar sites to ensure that residual contamination is stable and not migrating. If monitoring results show increases in contaminants or migration offsite, further remediation would be considered. Monitoring costs are estimated based on prior experience and costs for similar sites.

NOTE 10 LIABILITY FOR CONTAMINATED SITES (Cont'd)

The ministry has accepted responsibility to perform remediation work at the Cold Creek Ranger Station for soil and groundwater contamination caused by underground storage tanks and above ground sewage lagoons. A further assessment of sewage lagoon integrity will be performed along with remaining soil cleanup. After completion of the remediation, the site will be monitored for two years through soil and groundwater sampling. Site liabilities are estimated using past experience for similar sites and information provided by environmental consultants.

There was no spending on the contaminated sites in the 2016-17 fiscal year.

NOTE 11 CONTINGENT LIABILITIES

(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2017 accruals totalling $320 (2016 Restated: $491) have been recognized as a liability. The total amount claimed for all likely claims is $483 (2016 Restated: $529). Included in the total likely claims are claims covered in whole or part by the Alberta Risk Management Fund (ARMF). The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The ministry has been named in 40 (2016: 36) claims of which the outcome is not determinable. Of these claims, the ministry has been named as the sole defendant in 29 legal claims (2016: 26 legal claims) of which 26 have specified amounts totaling $534,846 (2016: 22 claims with specified amounts totaling $391,533). The remaining three claims have no amounts specified (2016: four claims). There are 11 claims in which the ministry has been jointly named with other entities (2016: ten claims). Seven of these claims have specified amounts totalling $28,573,200 (2016: six claims totalling $9,372,900). The remaining four claims have no amounts specified (2016: four claims). Included in the total claims, eleven claims totalling $27,487 (2016: nine claims totalling $208,877) are covered in whole or in part by the ARMF.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 12 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	Total	
	2017	2016 (Restated)
Service Contracts (including long term lease)	$ 226,802	$ 146,288
Maintenance Payments related to Capital Lease	540	-
Grants	144,466	389
	$ 371,808	$ 146,677

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contracts (including long term lease)	Maintenance Payments - Capital Lease	Grants	Total
2017-18	$ 136,350	$ 270	$ 140,676	$ 277,296
2018-19	45,744	270	1,552	47,566
2019-20	27,380	-	1,559	28,939
2020-21	7,753	-	186	7,939
2021-22	2,035	-	193	2,228
Thereafter	7,540	-	300	7,840
	$ 226,802	$ 540	$ 144,466	$ 371,808

NOTE 13 TRUST FUNDS

(in thousands)

Trust Funds Under Administration

The ministry administers trust funds that are regulated funds consisting of public money over which the legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the ministry's consolidated financial statements.

At March 31, 2017 trust funds under administration in the form of cash were as follows:

	2017	2016
Miscellaneous General Trust (Lands)	$ 34,725	$ 31,351
Performance Deposit Trust	1,424	30
Environmental Protection Security Fund	18,151	15,422
Parks General Trust	1,354	901
	$ 55,654	$ 47,704

NOTE 13 TRUST FUNDS (Cont'd)

(in thousands)

In addition to the above cash, the ministry holds guarantees and securities as follows:

	2017	2016 (Restated)
Miscellaneous General Trust (Lands)	$ 31,515	$ 30,537
Performance Deposit Trust	2,597	2,037
Environmental Protection Security Fund	242,569	213,342
Parks General Trust	14,713	12,371
	$ 291,394	$ 258,287

Beneficiary of Trust Fund

The ministry is the beneficiary of a trust fund that is administered by the Royal Trust Corporation of Canada over which the ministry has no power of administration of appropriation. Because the ministry has no equity in the fund and is only the beneficiary of the income portion of the fund, the equity is not included in the ministry's financial statements.

On March 30, 2017, Peaceful Valley and its related assets were transferred to the Ministry of Environment and Parks (the ministry). As this trust fund is restricted for the maintenance and expansion of Peaceful Valley, the Trust Fund was also transferred to the ministry.

As at March 31, 2017, the trust fund was as follows:

	2017	2016
Peaceful Valley Trust Fund [1]	$ 2,560	$ 2,420
Peaceful Valley (Income Collect Account) [2]	257	181
	$ 2,817	$ 2,601

[1] A portion of these funds are in US funds and their value has been converted to Canadian Dollars as of the statement dated March 31, 2017.

[2] Income generated from the trust funds are recognized at the time of withdrawal. Funds are restricted and to be used for the maintenance or expansion of Peaceful Valley.

NOTE 14 BENEFIT PLANS

(in thousands)

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $26,032 for the year ended March 31, 2017 (2016: $24,585).

At December 31, 2016, the Management Employees Pension Plan reported a surplus of $402,033 (2015 - surplus $299,051), the Public Service Pension Plan reported a surplus of $302,975 (2015 - deficiency $133,188) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $50,020 (2015 - deficiency $16,305).

NOTE 14 BENEFIT PLANS (Cont'd)

(in thousands)

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2017, the Bargaining Unit Plan reported a surplus of $101,515 (2016 - surplus $83,006) and the Management, Opted Out and Excluded Plan reported a surplus of $31,439 (2016 – surplus $29,246). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 15 ADJUSTMENTS TO NET ASSETS

(in thousands)

The reconciliation of adjustments to net assets is as follows:

	2017	2016 (Restated)
Non-Grant Transfer of Tangible Capital Asset from/ (to) other Government Departments/Entities	$ 5,607	$ 24,843
Other Adjustments to Net Assets	(10,185)	(259)
Impact Due to Restatements	4,051	952
	$ (527)	$ 25,536

NOTE 16 2013 ALBERTA FLOODING

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the Disaster Recovery Regulation.

The Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

NOTE 17 COMPARATIVE FIGURES

Certain 2016 figures have been reclassified to conform to the 2017 presentation.

NOTE 18 APPROVAL OF FINANCIAL STATEMENTS

The deputy minister and senior financial officer approved these consolidated financial statements.

MINISTRY OF ENVIRONMENT AND PARKS **Schedule 1**
CONSOLIDATED REVENUES
Year ended March 31, 2017

	2017	2016 (Restated)
	(in thousands)	
Internal Government Transfers		
Transfer from the Environmental Protection and Enhancement Fund	$ 1,354	$ 1,462
Transfer from Government of Canada		
Canada ecoTrust for Clean Air and Climate Change	-	7,600
Air Quality Health Index	39	146
Air Weapons Range	282	211
Wildlife Predator	350	254
Other	860	129
	1,531	8,340
Investment Income	3,574	2,494
Premiums, Fees and Licences		
Land and Grazing	73,893	76,375
Camping Fees	22,931	22,589
Fish and Wildlife	13,542	13,902
Water Power Rentals	904	629
Other	2,876	2,820
	114,146	116,315
Climate Change and Emissions Management Fund – Industry Purchase of Fund Credits	160,414	199,775
Other Revenue		
Land Sales	2,680	6,833
Refund of Expenditures	3,458	2,393
Water Resources	877	1,936
Joint Oil Sands Monitoring	39,062	41,326
Other	7,374	(3,077)
	53,451	49,411
Total Revenues	$ 334,470	377,797

MINISTRY OF ENVIRONMENT AND PARKS **Schedule 2**
CONSOLIDATED EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2017

	2017	2016 (Restated)
	(in thousands)	
Salaries, Wages and Employee Benefits	$ 245,911	230,766
Supplies and Services	171,001	163,745
Supplies and Services from Support Service Arrangements with Related Parties[1]	562	566
Grants	187,945	144,212
Amortization of Tangible Capital Assets (Note 6)	42,637	41,579
Total Expense before Recoveries	$ 648,056	580,868
Less: Recovery from Support Service Arrangements with Related Parties[2]	(180)	-
Financial Transactions and Other	4,244	(9,834)
	$ 652,120	571,034

(1) The ministry receives financial and administrative services from the Ministry of Energy.
(2) The ministry provides financial and administrative services to the Ministry of Status of Women. Costs incurred by the ministry for these services are recovered from the Ministry of Status of Women.

MINISTRY OF ENVIRONMENT AND PARKS **Schedule 3**
RELATED PARTY TRANSACTIONS
Year ended March 31, 2017

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's consolidated financial statements. Related parties also include key management personnel in the ministry.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The ministry had the following transactions with related parties reported on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Other Entities	
	2017	2016 (Restated)
	(in thousands)	
Revenues		
Fees and Charges	$ 13	6
Other Revenue	1,363	1,462
	$ 1,376	1,468
Expenses – Directly Incurred		
Grants	$ 1,133	930
Other Services	12,121	13,630
	$ 13,254	14,560
Tangible Capital Assets Transferred In	$ 5,607	24,843
Receivable From	$ 2,742	40,200
Payable to	$ 180	2,252

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The ministry also had transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the consolidated financial statements and are allocated to programs to show the full cost in Schedule 4.

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED ALLOCATED COSTS
Year ended March 31, 2017
(in thousands)

Schedule 4

	2017						2016
		Expenses – Incurred by Others					
Program	**Expenses [1]**	**Accommodation Costs [2]**	**Legal Services [3]**	**Business Services [4]**	**Water Management Infrastructure and Parks Maintenance**	**Total Expenses**	**Total Expenses (Restated)**
Ministry Support Services	$ 64,440	$ 5,534	$ 647	$ 1,379	$ -	$ 72,000	$ 75,066
Air	23,892	2,314	416	511	-	27,133	46,180
Land	54,138	4,897	999	985	-	61,019	45,942
Water	73,360	5,065	966	1,569	2,613	83,573	83,547
Fish and Wildlife	29,006	3,991	234	613	-	33,844	27,649
Integrated Planning	35,298	4,360	874	754	-	41,286	36,793
Parks	98,855	7,479	256	2,115	641	109,346	105,680
Emissions Management	-	-	-	-	-	-	7,371
Climate Leadership Plan	93,599	1,560	103	1,260	-	96,522	-
Land Use Secretariat	4,699	285	113	100	-	5,197	6,316
Science and Monitoring	64,616	1,677	57	1,383	-	67,733	67,656
Quasi-Judicial Bodies	15,533	1,009	-	336	-	16,878	13,903
2013 Alberta Flooding	94,684	620	-	-	-	95,304	116,900
	$ 652,120	$ 38,791	$ 4,665	$ 11,005	$ 3,254	$ 709,835	$ 633,003

(1) Expenses – Directly Incurred as per Statement of Operations.
(2) Accommodation Costs, allocated by full time equivalent.
(3) Legal Services Costs, allocated by estimated costs incurred by each program.
(4) Business Services Costs, allocated by percentage of total costs incurred, including Administration for $10,776 (2016 - $10,778), Corporate Internal Audit Services (CIAS) for $52 (2016 - $58), Corporate Human Resources Learning for $178 (2016 - $123).

Department of Environment and Parks

Financial Statements

Year Ended March 31, 2017

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Minister of Environment and Parks

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Environment and Parks, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Environment and Parks as at March 31, 2017, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 6, 2017

Edmonton, Alberta

DEPARTMENT OF ENVIRONMENT AND PARKS
STATEMENT OF OPERATIONS
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual (Restated)
	(in thousands)		
Revenues (Schedule 1)			
Government Transfers			
Transfer from Climate Change and Emissions Management Fund	$ -	$ 71,393	$ -
Internal Government Transfers	8,154	4,476	1,540
Transfers from Government of Canada	685	1,531	8,340
Land and Grazing	75,194	73,893	76,375
Premiums, Fees and Licences	35,061	40,253	39,915
Investment Income	1	228	495
Land Sales	5,000	2,680	6,833
Other Revenue	66,379	50,574	53,308
	190,474	245,028	186,806
Expenses – Directly Incurred (Note 2(a), Schedules 3, 4, 7 and 8)			
Programs			
Ministry Support Services	71,156	64,440	65,446
Air	17,565	23,892	41,020
Land	40,724	46,022	49,462
Water	76,528	73,360	71,199
Fish and Wildlife	24,503	29,006	24,846
Integrated Planning	39,076	35,298	29,678
Parks	92,451	98,855	92,587
Climate Leadership Plan	15,000	58,884	-
Land Use Secretariat	10,305	4,699	5,689
Science and Monitoring	70,520	64,616	67,655
Quasi-Judicial Bodies	11,801	15,721	12,454
2013 Alberta Flooding (Note 15)			
Non Disaster Recovery Program Expenses	100,357	94,684	116,030
	569,986	609,477	576,066
Annual Deficit	$ (379,512)	$ (364,449)	(389,260)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF ENVIRONMENT AND PARKS
STATEMENT OF FINANCIAL POSITION
As at March 31, 2017

	2017	2016 (Restated)
	(in thousands)	
Financial Assets		
Cash and Cash Equivalents	$ 4,658	$ 40,883
Accounts Receivable (Note 4)	118,651	56,207
	123,309	97,090
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	138,673	120,651
Deferred Revenue (Note 8)	71,705	61,742
Liability for Contaminated Sites (Note 9)	1,379	1,379
	211,757	183,772
Net Debt	(88,448)	(86,682)
Non-Financial Assets		
Tangible Capital Assets (Note 6)	1,415,383	1,384,887
Prepaid Expenses (Note 5)	6,602	7,478
	1,421,985	1,392,365
Net Assets Before Spent Deferred Capital Contributions	1,333,537	1,305,683
Spent Deferred Capital Contributions (Note 8)	17,259	15,367
Net Assets	$ 1,316,278	1,290,316
Net Assets at Beginning of Year	$ 1,290,316	$ 1,258,927
Adjustment to Net Assets (Note 14)	(524)	25,534
Annual Deficit	(364,449)	(389,260)
Net Financing Provided from General Revenues	390,935	395,115
Net Assets at End of Year	$ 1,316,278	1,290,316

Contingent Liabilities and Contractual Obligations (Notes 10 and 11)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF ENVIRONMENT AND PARKS
STATEMENT OF CHANGE IN NET DEBT
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual (Restated)
		(in thousands)	
Annual Deficit	$ (379,512)	$ (364,449)	$ (389,260)
Acquisition of Tangible Capital Assets	(148,673)	(67,075)	(26,060)
Amortization of Tangible Capital Assets (Note 6)	43,971	42,631	41,567
(Gain) Loss on Sale of Tangible Capital Assets		(20)	636
Write-downs of Tangible Capital Assets		873	234
Proceeds on Sale of Disposal of Tangible Capital Assets		2,753	3
Change in Prepaid Expenses		876	891
Change in Spent Deferred Capital Contributions (Note 8)		1,892	(1,697)
Other Adjustments (Note 14)		(10,182)	(261)
Net Financing Provided from General Revenues		390,935	395,115
(Increase) Decrease in (Net Debt)		$ (1,766)	21,168
(Net Debt) at Beginning of Year		(86,682)	(107,850)
(Net Debt) at End of Year		$ (88,448)	(86,682)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF ENVIRONMENT AND PARKS
STATEMENT OF CASH FLOWS
Year ended March 31, 2017

	2017	2016 (Restated)
	(in thousands)	
Operating Transactions		
Annual Deficit	$ (364,449)	$ (389,260)
Non-cash Items Included in Annual Deficit		
Amortization of Tangible Capital Assets (Note 6)	42,631	41,567
Deferred Capital Contribution recognized as Revenue (Note 8)	(858)	(1,697)
(Gain) Loss on Disposal of Tangible Capital Assets	(20)	636
Write Down of Tangible Capital Assets	873	234
Donation of Capital Asset	200	(275)
	(321,623)	(348,795)
(Increase) in Accounts Receivable	(62,444)	(7,674)
Decrease in Prepaid Expenses	876	891
Increase in Accounts Payable and Accrued Liabilities	18,021	8,542
Increase (Decrease) in Deferred Revenue	10,997	(8,766)
Increase in Liability for Contaminated Sites	-	214
Cash (Applied to) Operating Transactions	(354,173)	(355,588)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 6)	(67,075)	(26,060)
Proceeds on Disposal/Sale of Tangible Capital Assets	2,753	15
Cash (Applied to) Capital Transactions	(64,322)	(26,045)
Financing Transactions		
Impact of Restatement	(8,665)	-
Net Financing Provided from General Revenues	390,935	395,115
Cash Provided by Financing Transactions	382,270	395,115
(Decrease) Increase in Cash and Cash Equivalents	(36,225)	13,482
Cash and Cash Equivalents at Beginning of Year	40,883	27,401
Cash and Cash Equivalents at End of Year	$ 4,658	40,883

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 AUTHORITY AND PURPOSE

The Department of Environment and Parks (the department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The department also operates under the authority of the following acts:

Organization	Authority
Department of Environment and Parks	*Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act* *Black Creek Heritage Rangeland Trails Act* *Provincial Parks Act*, except sections 14 and 15 *Recreation Development Act* *Water Act* *Alberta Land Stewardship Act* *Wilderness Areas Ecological Reserves, Natural Areas and Heritage Rangelands Act* *Willmore Wilderness Park Act* *Environmental Protection and Enhancement Act* *Drainage Districts Act* *East Central Regional Water Authorization Act* *Hunting, Fishing and Trapping Heritage Act* *North Red Deer Water Authorization Act* *County of Westlock Water Authorization Act* *Responsible Energy Development Act* *The Bighorn Agreement Validating Act* *The Brazeau River Development Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

As proud stewards of air, land, water, biodiversity and a system of provincial parks and protected areas, the department leads the achievement of desired environmental outcomes and sustainable development of natural resources for Albertans. To achieve the desired outcomes the department utilizes management, science and stewardship practices, and works closely with Albertans and representatives of communities, other governments and industry. The work takes the department into conversations across jurisdictions, including international, national, provincial, regional and local parties.

The department leads and enables the achievement of desired environmental outcomes and natural resource sustainable development to provide economic, social and environmental benefits and to enrich Albertans' quality of life. The department is part of the resource

NOTE 1 AUTHORITY AND PURPOSE (Cont'd)

management system in the province, with a focus on provincial parks, protected areas, public lands, fish and wildlife, air quality, water, waste, environmental emergencies, land reclamation and climate change. The department is responsible for overseeing the development, implementation, review and amendment of regional plans under the Land-use Framework. The department develops and implements strategies, policies, plans, and legislation to manage the cumulative effects of human activity and achieve Albertans' desired future. To ensure Alberta's natural resources are managed and developed using innovative and responsible approaches to maximize their value while protecting Alberta's environment, the department commits to Albertans that decisions are informed, responsible and accountable and respect the right mix of opportunities and benefits to achieve desired outcomes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Basis of Financial Reporting

Revenue
All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year-end is recognized as unearned revenue.

Government Transfers
Transfers from the Government of Alberta (GoA), federal and other governments are referred to as government transfers.

Government transfers are recognized as deferred capital contributions and deferred revenue if the eligibility criteria of the transfer, or the stipulations together with the department's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues, as the stipulations are met and, when applicable, the department complies with its communicated uses of these transfers.

All other government transfers, without terms for the use of the transfer, are recognized as revenue when the transfer is authorized and the department meets the eligibility criteria (if any).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Credit or Recovery

Credit or recovery initiatives provide a basis for authorizing spending. Credits or recoveries are shown in the details of the government estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the department's credit or recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the department has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of the employer contributions for current service of employees during the year, and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

Incurred by Others

Services contributed by other related entities in support of the department's operations are not recognized and are allocated to programs in Schedule 8.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Financial Assets
Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Accounts Receivable
Accounts receivable are recognized at the lower cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities
Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

Liability for Contaminated Sites
Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from an operation(s) that is no longer in productive use and is recognized when all of the following criteria are met:

i. an environmental standard exists;
ii. contamination exceeds the environmental standard;
iii. the department is directly responsible or accepts responsibility;
iv. it is expected that future economic benefits will be given up; and
v. a reasonable estimate of the amount can be made.

Non-Financial Assets
Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver government services;
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations.

Non-financial assets of the department are limited to tangible capital assets and prepaid expenses.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Tangible Capital Assets

Tangible capital assets of the department are recognized at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recognized at fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is put into service.

When physical assets (tangible capital assets) are gifted or sold for a nominal sum, the net book value of these physical assets, less any nominal proceeds, are recognized as grants in kind.

Prepaid Expenses

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The areas subject to measurement uncertainty include:

- Royalties and disturbance fees on dispositions, recognized as $1,198 in these financial statements (2016 - $947), are subject to measurement uncertainty. Some revenues are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on dispositions when clients fail to comply with the lease, permit, or disposition requirements. Although system enhancements have been made, there is still a risk that all sources of unreported income from self-assessed revenues cannot be identified. The department does not estimate the amount of unreported royalties or disposition fees.
- Liability for contaminated sites recognized as $1,379 (2016 - $1,379) is estimated based on the current site assessment, including the source and type of the contaminant. During remediation, further site assessments and/or sampling results may materially change the estimate. These changes could be the result of factors such as expanded area of contamination; a revised assessment of the source or introduction of a new source; re-sampling at deeper depths; and cost fluctuations where remedial work is conducted over several years.
- Dam and water management structures are recognized as $812,934 (2016 - $805,711). Several factors, including the extent and manner of usage, physical damage, removal from service or change in law or environment, can affect the usage and service life. Therefore impairment, if any, useful life and amortization are subject to measurement uncertainty. Further analysis is needed to evaluate and determine if impairment exists and/or if adjustments to remaining useful life and amortization expense are required.
- The provision for doubtful accounts, expensed as $1,398 (2016 - $193), in these financial statements is based on the assumption that at March 31, 2017 the following will not be collected:
  - 5% of the accounts receivable between 32 and 90 days
  - 50% of the accounts receivable between 91 and 365 days, and
  - 100% of the accounts receivable over 365 days
  - Companies in receivership, bankruptcy, *Companies' Creditors Arrangement Act* (CCAA) protection or has filed a Notice of Intention to File a proposal.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Future Accounting Changes

The Public Sector Accounting Board has issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosures required for related party transactions. PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; and PS 3380 defines and establishes disclosure standards on contractual rights.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities.

- **PS 3450 Financial Instruments (effective April 1, 2019)**
  Adoption of this standard requires corresponding adoption of PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. The department has not yet adopted this standard and has the option of adopting in fiscal year 2019-20 or earlier.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 PROGRAM TRANSFER/GOVERNMENT REORGANIZATIONS

(in thousands)

Effective April 1, 2016, the Ministry of Justice and Solicitor General transferred responsibilities for the Parks Conservation Enforcement program to the Ministry of Environment and Parks as a result of the reversal of the Budget 2012 decision to split the functional duties of conservation officers between the respective ministries. The transfer represents an equivalent of 25 percent of the funding and 100 percent of the Full-Time Equivalents (FTEs) as the remaining 75 percent was already with Environment and Parks.

On May 27, 2016, Bill 18 received Royal Assent, repealing the *Protecting Alberta's Environment Act* with an effective date of June 30, 2016, dissolving the Alberta Environmental Monitoring, Evaluation and Reporting Agency (AEMERA). The core AEMERA functions of science and monitoring transitioned into the new Environmental Monitoring and Science Division in Environment and Parks.

Comparatives for 2016 have been restated as if the department had always been assigned with its current responsibilities.

Net Assets as previously reported at April 1, 2015	$	1,255,723
Transfer from Ministry of Justice and Solicitor General for the Conservation Enforcement transfer		325
Transfer from AEMERA due to dissolution		2,879
Restated Net Assets at April 1, 2015	$	1,258,927
Net debt as previously reported at April 1, 2015	$	(110,728)
Transfer from Ministry of Justice and Solicitor General for the Conservation Enforcement transfer		-
Transfer from AEMERA due to dissolution		2,878
Restated Net debt at April 1, 2015	$	(107,850)
Accounts Payable and Accrued Liabilities reported at March 31, 2016	$	102,769
Transfer from Ministry of Justice and Solicitor General for the Conservation Enforcement transfer		228
Transfer from AEMERA due to dissolution		17,654
Restated Accounts Payable and Accrued Liabilities at March 31, 2016	$	120,651
Annual Deficit as previously reported at March 31, 2016	$	(388,184)
Transfer from Ministry of Justice and Solicitor General for the Conservation Enforcement transfer		(2,971)
Transfer from AEMERA due to dissolution		1,895
Restated Annual Deficit at March 31, 2016	$	(389,260)

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

Accounts Receivable are unsecured and non-interest bearing.

	2017			2016
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value (Restated)
Accounts Receivable	$ 122,702	$ (4,051)	$ 118,651	$ 56,207

NOTE 5 PREPAID EXPENSES

(in thousands)

Prepaid expenses are comprised of:

	2017	2016 (Restated)
Prepayment of future access rights under the Bassano Dam settlement agreement with the Siksika Nation	$ 6,534	$ 7,423
Prepayment of employee benefits and purchase deposits	-	55
Prepayment for capital lease payment	68	-
	$ 6,602	$ 7,478

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land [1]	Buildings	Equipment [2]	Computer Hardware and Software [3]	Land Improvements	Highways and Roads	Dam & Water Management Structures [4]	Other [5]	2017 Total	2016 Total (Restated)
Estimated Useful Life	Indefinite	10-50 years	3-40 years	3-10 years	10-40 years	20-50 years	20-80 years	5 years		
Historical Costs[6]										
Beginning of year	$ 282,564	$ 208,175	$ 96,440	$ 74,436	$ 375,251	$ 4,894	$ 1,244,213	$ 330	$ 2,286,303	$ 2,258,956
Additions	3,344	7,225	4,948	2,718	22,217	1,051	25,572	-	67,075	26,059
Disposals, including write-downs	-	(1,168)	(681)	(3,333)	(7)	(200)	(101)	-	(5,490)	(2,347)
Transfer In (Out)	5,248	1,247	4,651	1,263	(5,889)	(144)	-	-	6,376	3,635
Asset Reclassification In (Out)	-	(87)	132	(1)	(51)	-	95	-	88	-
	$ 291,156	$ 215,392	$ 105,490	$ 75,083	$ 391,521	$ 5,601	$ 1,269,779	$ 330	$ 2,354,352	$ 2,286,303
Accumulated Amortization										
Beginning of year	-	112,550	70,751	56,329	221,912	1,358	438,502	14	901,416	872,453
Amortization expense	-	6,027	4,843	4,795	8,494	61	18,343	68	42,631	41,567
Effects of disposals	-	(501)	(520)	(3,300)	-	-	-	-	(4,321)	(737)
Effects of transfers and adjustments	-	339	(726)	-	(356)	-	-	(14)	(757)	(11,867)
	$ -	$ 118,415	$ 74,348	$ 57,824	$ 230,050	$ 1,419	$ 456,845	$ 68	$ 938,969	$ 901,416
Net Book Value at March 31, 2017	$ 291,156	$ 96,977	$ 31,142	$ 17,259	$ 161,471	$ 4,182	$ 812,934	$ 262	$ 1,415,383	
Net Book Value at March 31, 2016	$ 282,564	$ 95,625	$ 25,689	$ 18,107	$ 153,339	$ 3,536	$ 805,711	$ 316		$ 1,384,887

(1) Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.
(2) Equipment includes office, laboratory, heavy and mobile equipment, vehicles and furniture.
(3) Computer Hardware and Software includes a 3 year Capital Lease of storage. Capital cost is $1,534.
(4) Dam and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Ministry of Transportation and transferred to the Department of Environment and Parks upon their completion.
(5) Other tangible capital assets include leasehold improvements (amortized over the life of the lease).
(6) Historical costs includes work-in-progress at March 31, 2017 totalling $125,275 (2016 Restated - $89,600) comprised of: buildings $17,123 (2016 Restated - $9,780); equipment $12,333 (2016 Restated - $17,060); computer hardware and software $10,407 (2016 - $8,487); land improvements $48,849 (2016 - $36,408); dam improvements $32,632 (2016 - $13,492), highway and roads $1,791 (2016 - $1,115); and land $2,140 (2016 - $3,258).

All intangibles inherited by right of the Crown such as Crown lands, water, and mineral resources are not recognized in these financial statements.

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2017	2016 (Restated)
Accrued liabilities	$ 98,742	$ 83,832
Accounts payable general	11,744	10,987
Capital lease	1,045	-
Vacation pay	27,142	25,832
	$ 138,673	$ 120,651

The department entered into a capital lease in April 2016, consisting of two storage servers. The lease expires on March 31, 2019 and the department will own the asset at the end of the lease term for a purchase price of one dollar. The lease is amortized on a straight-line basis over 36 months (the term of the lease). The lease cost and associated amortization is recognized in Note 6.

Estimated lease commitments for the remaining years are as follows:

Fiscal Year	Total
2017-18	$ 547
2018-19	547
	$ 1,094
Less Interest	(49)
Total Lease Liability	$ 1,045

NOTE 8 DEFERRED CONTRIBUTIONS AND DEFERRED REVENUE

(in thousands)

	2017	2016 (Restated)
Spent deferred capital contributions and transfers (i)	$ 17,259	$ 15,367
Deferred revenue (ii)	71,705	61,742
	$ 88,964	$ 77,109

NOTE 8 DEFERRED CONTRIBUTIONS AND DEFERRED REVENUE (Cont'd)

(in thousands)

(i) Spent Deferred Capital Contributions

	2017			2016
	Federal government	Non-government	Total	Total
Balance at beginning of year	$ 7,730	$ 7,637	$ 15,367	$ 17,064
Adjustment of amortization rate for Calgary Weir	-	2,618	2,618	-
Transferred Capital Assets Received/Receivable	-	132	132	-
Less amounts recognized as revenue	(640)	(218)	(858)	(1,697)
Balance at End of Year	$ 7,090	$ 10,169	$ 17,259	$ 15,367

(ii) Deferred revenue

	2017			2016
	Federal government	Non-government	Total	Total (Restated)
Balance at beginning of year	$ 611	$ 61,131	$ 61,742	$ 75,383
Cash contributions received/receivable during year	281	68,979	69,260	95,036
Less amounts recognized as revenue	(281)	(59,016)	(59,297)	(108,677)
Balance at End of Year	$ 611	$ 71,094	$ 71,705	$ 61,742

NOTE 9 LIABILITY FOR CONTAMINATED SITES

(in thousands)

The composition of liabilities is as follows:

	2017	2016
Liabilities at Beginning of Year	$ 1,379	$ 1,165
Transfer from Environmental Protection and Enhancement Fund	-	214
Liabilities at End of Year	$ 1,379	$ 1,379

The department has accepted responsibility to perform remediation work and is currently monitoring at the West Arrowwood, Parkland Underground Storage Tanks and Huck Finn Food and Gas Bar sites to ensure that residual contamination is stable and not migrating. If monitoring results show increases in contaminants or migration offsite, further remediation would be considered. Monitoring costs are estimated based on prior experience and costs for similar sites.

NOTE 9 LIABILITY FOR CONTAMINATED SITES (Cont'd)

(in thousands)

The department has accepted responsibility to perform remediation work at the Cold Creek Ranger Station for soil and groundwater contamination caused by underground storage tanks and above ground sewage lagoons. A further assessment of sewage lagoon integrity will be performed along with remaining soil cleanup. After completion of the remediation, the site will be monitored for two years through soil and groundwater sampling. Site liabilities are estimated using past experience for similar sites and information provided by environmental consultants.

There was no spending on the contaminated sites in the 2016-17 fiscal year.

NOTE 10 CONTINGENT LIABILITIES

(in thousands)

The department is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2017 accruals totalling $320 (2016 Restated: $491) have been recognized as a liability. The total amount claimed for all likely claims is $483 (2016 Restated: $529). Included in the total likely claims are claims covered in whole or part by the Alberta Risk Management Fund (ARMF). The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The department has been named in 40 (2016: 36) claims of which the outcome is not determinable. Of these claims, the department has been named as the sole defendant in 29 legal claims (2016: 26) of which 26 have specified amounts totalling $534,846 (2016: 22 claims with specified amounts totalling $391,533). The remaining three claims have no amounts specified (2016: four claims). There are 11 claims in which the department has been jointly named with other entities (2016: ten claims). Seven of these claims have specified amounts totalling $28,573,200 (2016: six claims totalling $9,372,900). The remaining four claims have no amounts specified (2016: four claims). Included in the total claims, eleven claims totalling $27,487 (2016: nine claims totalling $208,877) are covered in whole or in part by the ARMF.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 11 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	Total	
	2017	2016 (Restated)
Service Contracts (including long term lease)	$ 162,328	$ 146,288
Maintenance Payments related to Capital Lease	540	-
Grants	144,466	389
	$ 307,334	$ 146,677

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contracts (including long term lease)	Maintenance Payments - Capital Lease	Grants	Total
2017-18	$ 88,138	$ 270	$ 140,676	$ 229,084
2018-19	30,651	270	1,552	32,473
2019-20	26,211	-	1,559	27,770
2020-21	7,753	-	186	7,939
2021-22	2,035	-	193	2,228
Thereafter	7,540	-	300	7,840
	162,328	540	144,466	307,334

NOTE 12 BENEFIT PLANS

(in thousands)

The department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $25,694 for the year ended March 31, 2017 (2016 Restated – $24,218). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2016, the Management Employees Pension Plan reported a surplus of $402,033 (2015 – surplus $299,051), the Public Service Pension Plan reported a surplus of $302,975 (2015 - deficiency $133,188) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $50,020 (2015 – deficiency $16,305).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2017, the Bargaining Unit Plan reported a surplus of $101,515 (2016 – surplus $83,006) and the Management, Opted Out and Excluded Plan a surplus of $31,439 (2016 – surplus $29,246). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 13 TRUST FUNDS

(in thousands)

Trust Funds Under Administration

The department administers trust funds that are regulated funds consisting of public money over which the legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

At March 31, 2017 trust funds under administration in the form of cash were as follows:

	2017	2016
Miscellaneous General Trust (Lands)	$ 34,725	$ 31,351
Performance Deposit Trust	1,424	30
Environmental Protection Security Fund	18,151	15,422
Parks General Trust	1,354	901
	$ 55,654	$ 47,704

In addition to the above cash, the department holds guarantees and securities as follows:

	2017	2016 (Restated)
Miscellaneous General Trust (Lands)	$ 31,515	$ 30,537
Performance Deposit Trust	2,597	2,037
Environmental Protection Security Fund	242,569	213,342
Parks General Trust	14,713	12,371
	$ 291,394	$ 258,287

Beneficiary of Trust Fund

The department is the beneficiary of a trust fund that is administered by the Royal Trust Corporation of Canada over which the department has no power of administration of appropriation. Because the department has no equity in the fund and is only the beneficiary of the income portion of the fund, the equity is not included in the department's financial statements.

On March 30, 2017, Peaceful Valley and its related assets were transferred to the Department of Environment and Parks (the department). As this trust fund is restricted for the maintenance and expansion of Peaceful Valley, the Trust Fund was also transferred to the department.

As at March 31, 2017, the trust fund was as follows:

	2017	2016
Peaceful Valley Trust Fund [1]	$ 2,560	$ 2,420
Peaceful Valley (Income Collect Account) [2]	257	181
	$ 2,817	$ 2,601

[1] A portion of these funds are in US funds and their value has been converted to Canadian Dollars as of the statement dated March 31, 2017.

[2] Income generated from the trust funds are recognized at the time of withdrawal. Funds are restricted and to be used for the maintenance or expansion of Peaceful Valley.

NOTE 14 ADJUSTMENTS TO NET ASSETS

(in thousands)

The reconciliation of adjustments to net assets is as follows:

	2017	2016 (Restated)
Non-Grant Transfer of Tangible Capital Asset from other Government Departments/Entities	$ 5,607	$ 24,845
Other Adjustments to Net Assets	(10,182)	(261)
Other Adjustments due to restatement	4,051	950
	$ (524)	$ 25,534

NOTE 15 2013 ALBERTA FLOODING

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

The Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

NOTE 16 COMPARATIVE FIGURES

Certain 2016 figures have been reclassified to conform to the 2017 presentation.

NOTE 17 APPROVAL OF FINANCIAL STATEMENTS

The deputy minister and senior financial officer approve these financial statements.

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
REVENUES
Year ended March 31, 2017

Schedule 1

	2017		2016
	Budget	Actual	Actual (Restated)
	(in thousands)		
Government Transfers			
Internal Government Transfers			
Transfer from Environmental Protection and Enhancement Fund	$ 3,154	$ 1,354	$ 1,462
Transfer from Land Stewardship Fund	5,000	3,122	78
Transfer from Climate Change and Emissions Management Fund	-	71,393	-
	8,154	75,869	1,540
Transfers from Government of Canada			
Canada ecoTrust for Clean Air and Climate Change	-	-	7,600
Air Quality Health Index	40	39	146
Air Weapons Range	282	282	211
Wildlife Predator	-	350	254
Other	363	860	129
	685	1,531	8,340
Premiums, Fees and Licences			
Land and Grazing	75,194	73,893	76,375
Camping Fees	20,787	22,931	22,589
Fish and Wildlife	-	13,542	13,902
Water Power Rentals	650	904	629
Other	13,624	2,876	2,795
	110,255	114,146	116,290
Investment Income	1	228	495
Land Sales	5,000	2,680	6,833
Other Revenue			
Refunds of Expenses	-	3,266	1,367
Water Resources	2,000	877	1,936
Oil Sands Environmental Monitoring	50,000	39,062	41,445
Various	14,379	7,369	8,560
	66,379	50,574	53,308
Total Revenues	$ 190,474	$ 245,028	186,806

DEPARTMENT OF ENVIRONMENT AND PARKS **Schedule 2**
SCHEDULE TO FINANCIAL STATEMENTS
CREDIT OR RECOVERY
Year ended March 31, 2017

	2017				
	Authorized [2]	Actual Revenue Recognized	Deferred Revenue	Actual Cash/ Donation Received/ Receivable	(Shortfall) /Excess
	(in thousands)				
Parks Operations	$ 25,435	$ 27,178	$ 198	$ 27,376	$ 1,941
Parks Infrastructure Management	4,860	4,014	22	4,036	(824)
Provincial Mapping Data	3,000	1,251	8	1,259	(1,741)
Remediation Certificates	25	9	19	28	3
Water Management Infrastructure	2,000	580	219	799	(1,201)
Bow Habitat Station	300	352	11	363	63
Fish and Wildlife	8,930	8,593	360	8,953	23
Long Lake Education Centre	30	11	-	11	(19)
Air Quality Health Index	40	39	-	39	(1)
	$ 44,620	$ 42,027	837	$ 42,864	(1,756) [1]

[1] Shortfall is deducted from current year's authorized spending, as disclosed in Schedule 4 to the financial statements.

[2] The authorized budget for credits or recoveries includes Adjustments appearing on Schedule 4. Treasury Board approval is pursuant to Section 24 (3) of the *Financial Administration Act*. Only expenditures are authorized.

Parks Operations – Parks collects various fees and other revenues through the *Parks Act* that are used to partially offset the cost of providing services. These include fees for the use of campgrounds, park facilities and lands, heritage appreciation services (e.g. interpretive bus tours), as well as; contributions, sponsorships, donations, grants and payments by corporations, private sector operators, foundations, individuals and other. Element 7.1

Parks Infrastructure Management – Parks collects a levy for facility redevelopment within the fees charged for use of campgrounds and park facilities through the *Parks Act*, as well as; contributions, sponsorships, donations, grants and payments by corporations, private sector operators, foundations, individuals and others. This revenue is then used to manage infrastructure within provincial parks. Element 7.5

Provincial Mapping Data – Revenue for maintenance activities for this initiative is from filing fees for cadastral and disposition mapping collected at the time of registration. Elements 1.6 and 3.2

Remediation Certificate – Fees are collected to offset the costs of conducting site audits under the program. Element 3.2

Water Management Infrastructure – Revenue from annual fees collected from developers through the Use of Works Agreements is used to offset costs of maintenance and upgrading of provincial water management infrastructure systems. Element 4.3

Bow Habitat Station– Admission fees collected for an aquatic ecosystem visitor centre focusing on public education and outreach offset the cost of operating the centre. Element 1.6

Fish and Wildlife initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationships with other stakeholders. This amount includes an agreement with the Alberta Agriculture Financial Services Corporation for Wildlife Predator Compensation in which $350 was funded from the Agriculture and Agri-Food Canada. Element 5.2

Long Lake Education Centre – Funding from community groups, environmental education providers and other partners is used to support the delivery of environmental and natural resource education opportunities at the facility. Element 1.6

Air Quality Health Index – Funding from the federal government is used to support the implementation of the national Air Quality Health Index in the province. Element 2.3

Note: The credits or recoveries presented in this schedule are included in the department's Statement of Operations.

DEPARTMENT OF ENVIRONMENT AND PARKS **Schedule 3**
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual (Restated)
	(in thousands)		
Salaries, Wages and Employee Benefits	$ 201,045	$ 241,129	$ 227,125
Supplies and Services	188,240	168,354	163,562
Supplies and Services from Support Service Arrangements with Related Parties[1]	633	562	566
Grants	128,777	150,057	135,436
Amortization of Tangible Capital Assets	43,971	42,631	41,567
Total Expenses before Recoveries	562,666	602,733	568,256
Less Recovery from Support Service Arrangements with Related Parties[2]	-	(180)	-
Financial Transactions and Other	2,320	4,244	1,235
Land Stewardship Fund	5,000	2,680	6,575
	$ 569,986	$ 609,477	576,066

(1) The department receives financial and administrative services from the Department of Energy.
(2) The department provides financial and administrative services to the Department of Status of Women. Costs incurred by the department for these services are recovered from the Department of Status of Women.

DEPARTMENT OF ENVIRONMENT AND PARKS **Schedule 4**
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2017

	Voted Estimate [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Program Operating						
Ministry Support Services						
1.1 Minister's Office	$ 733	$ -	$ -	$ 733	$ 714	$ 19
1.2 Deputy Minister's Office	686	-	-	686	682	4
1.3 Communications	3,842	-	-	3,842	3,954	(112)
1.4 Human Resources	5,247	-	-	5,247	4,640	607
1.5 Legal Services	324	-	-	324	345	(21)
1.6 Corporate Services	58,901	-	-	58,901	49,506	9,395
	69,733	-	-	69,733	59,841	9,892
Air						
2.1 Air Policy	7,289	-	-	7,289	7,025	264
2.2 Air Partners and Stewardship	4,639	-	-	4,639	10,038	(5,399)
2.3 Air Quality Management	5,637	-	-	5,637	6,813	(1,176)
	17,565	-	-	17,565	23,876	(6,311)
Land						
3.1 Land Policy	5,472	-	-	5,472	6,649	(1,177)
3.2 Public Land Management	19,620	300	-	19,920	24,767	(4,847)
3.3 Rangeland Management	7,691	-	-	7,691	8,877	(1,186)
	32,783	300	-	33,083	40,293	(7,210)
Water						
4.1 Water Policy	3,719	-	-	3,719	5,390	(1,671)
4.2 Water Partners and Stewardship	3,524	-	-	3,524	3,361	163
4.3 Water Management	45,899	2,445	-	48,344	45,244	3,100
	53,142	2,445	-	55,587	53,995	1,592
Fish and Wildlife						
5.1 Fisheries Management	7,141	-	-	7,141	8,464	(1,323)
5.2 Wildlife Management	16,499	-	-	16,499	20,265	(3,766)
	23,640	-	-	23,640	28,729	(5,089)
Integrated Planning						
6.1 Resource Management	26,692	-	-	26,692	24,025	2,667
6.2 Regional Cumulative Effects Management	7,891	-	-	7,891	8,145	(254)
6.3 Environmental Emergency Response	1,419	-	-	1,419	1,623	(204)
	36,002	-	-	36,002	33,793	2,209
Parks						
7.1 Parks Operations	40,859	-	1,310	42,169	42,231	(62)
7.2 Parks Visitor Experience	9,214	-	-	9,214	8,705	509
7.3 Parks Conservation Management	7,750	-	-	7,750	5,852	1,898
7.4 Parks Public Safety and Security	7,064	-	-	7,064	13,532	(6,468)
7.5 Parks Infrastructure Management	7,882	1,700	2,374	11,956	9,484	2,472
	72,769	1,700	3,684	78,153	79,804	(1,651)
Land Use Secretariat	10,305	-	-	10,305	4,698	5,607

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2017

Schedule 4
(Cont'd)

	Voted Estimate [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Science and Monitoring						
9.1 Environmental Science, Monitoring, Evaluation and Reporting	20,520	-	-	20,520	23,765	(3,245)
9.2 Oil Sands Environmental Monitoring	50,000	-	-	50,000	39,062	10,938
	70,520	-	-	70,520	62,827	7,693
Climate Leadership Plan						
10.1 Adjustments for Communities	10,000	(10,000)	-	-	-	-
10.2 Green Infrastructure	-	2,333	-	2,333	-	2,333
10.3 Regulatory and Operations	-	16,000	-	16,000	12,614	3,386
10.4 Renewables/Bioenergy	-	40,000	-	40,000	39,712	288
10.5 Other Investments	-	16,000	-	16,000	6,553	9,447
	10,000	64,333	-	74,333	58,879	15,454
Quasi-Judicial Bodies						
11.1 Natural Resources Conservation Board	6,474	-	-	6,474	5,673	801
11.2 Surface Rights and Land Compensation Boards	3,586	5,400	-	8,986	8,392	594
11.3 Environmental Appeals Board	1,253	-	-	1,253	1,057	196
11.4 Public Lands Appeal Board	480	-	-	480	592	(112)
	11,793	5,400	-	17,193	15,714	1,479
2013 Alberta Flooding						
12.1 Infrastructure Recovery	2,800	6,227	-	9,027	6,697	2,330
12.2 Flood Hazard Mapping	2,000	2,716	-	4,716	1,945	2,771
12.3 Parks Flood Recovery	2,100	-	-	2,100	3,625	(1,525)
12.4 Community Stabilization	-	-	-	-	483	(483)
	6,900	8,943	-	15,843	12,750	3,093
Credit or Recovery (Shortfall) (Schedule 2)	-	-	(1,756)	(1,756)	-	(1,756)
Total	$ 415,152	$ 83,121	$ 1,928	$ 500,201	$475,199	$ 25,002
Lapse/(Encumbrance)						$ 25,002
Program – Capital Grants						
Air						
2.1 Air Policy	$ -	$ 400	$ -	$ 400	$ -	$ 400
Land						
3.2 Public Land Management	300	(300)	-	-	-	-
Water						
4.3 Water Management	-	4,500	-	4,500	-	4,500
Parks						
7.5 Parks Infrastructure Management	1,700	(1,700)	-	-	-	-
Climate Leadership Plan						
10.2 Green Infrastructure (Investment)	5,000	(5,000)	-	-	-	-
2013 Alberta Flooding						
12.1 Infrastructure Recovery	7,750	-	-	7,750	8,304	(554)
12.4 Community Stabilization	85,707	(3,555)	-	82,152	73,568	8,584
Total	$ 100,457	$ (5,655)	$ -	$ 94,802	$ 81,872	$ 12,930
Lapse/(Encumbrance)						$ 12,930

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2017

Schedule 4
(Cont'd)

	Voted Estimate [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Program – Capital Investment						
Ministry Support Services						
1.6 Corporate Services	$ 425	$ -	$ -	$ 425	$ 1,870	$ (1,445)
Land						
3.2 Public Land Management	5,402	-	-	5,402	3,122	2,280
3.3 Rangeland Management	200	-	-	200	138	62
Fish and Wildlife						
5.1 Fisheries Management	38	-	-	38	9	29
5.2 Wildlife Management	259	-	-	259	-	259
Integrated Planning						
6.3 Environmental Emergency Response	-	-	-	-	7	(7)
Parks						
7.4 Parks Public Safety and Security	-	-	-	-	70	(70)
7.5 Parks Infrastructure Management	31,220	-	(2,012)	29,208	25,898	3,310
Science and Monitoring						
9.1 Environmental Science, Monitoring, Evaluation and Reporting	1,000	-	800	1,800	2,089	(289)
Climate Leadership Plan						
10.2 Green Infrastructure	-	150	-	150	-	150
2013 Alberta Flooding						
12.1 Infrastructure Recovery	-	-	3,708	3,708	510	3,198
12.2 Flood Hazard Mapping	-	-	-	-	271	(271)
12.3 Parks Flood Recovery	5,112	-	9,752	14,864	7,528	7,336
12.4 Community Stabilization	105,017	(12,445)	48,523	141,095	25,563	115,532
Total	$ 148,673	$ (12,295)	$ 60,771	$ 197,149	$ 67,075	$ 130,074
Lapse/(Encumbrance)						$ 130,074
Financial Transactions						
Environmental Site Liability Retirement						
Water						
4.3 Water Management	$ 100	$ -	$ -	$ 100	$ -	$ 100
Total	$ 100	$ -	$ -	$ 100	$ -	$ 100
Lapse/(Encumbrance)						$ 100

(1) As per "Expense Vote by Program", "Capital Grant Vote by Program", "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" page 106, 107 and 108 of 2016-17 Government Estimates.

(2) Per the Supplementary Supply Estimates approved on March 30, 2017.

(3) Adjustments include encumbrances, capital carry forward amounts and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year.

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
LOTTERY FUND ESTIMATES
Year ended March 31, 2017

Schedule 5

	2016-17 Lottery Fund Estimates	2016-17 Actual	Unexpended (Over Expended)
		(in thousands)	
Parks Operations	$ 10,000	$ 10,000	-
Integrated Planning	500	500	-
	$ 10,500	$ 10,500	-

This table shows details of the initiatives within the department that are funded by the Lottery Fund and compares it to the actual results.

DEPARTMENT OF ENVIRONMENT AND PARKS **Schedule 6**
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year ended March 31, 2017

	2017				2016
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total (Restated)
Environment and Parks					
Deputy Minister[4]	$ 285,877	$ -	$ 72,157	$ 358,034	$ 358,994
Assistant Deputy Ministers					
Strategy Division	196,961	18,939	53,941	269,841	268,549
Policy and Planning Division	180,252	-	50,737	230,989	150,487
Corporate Division	198,994	-	53,058	252,052	252,305
Parks Division	181,806	-	51,656	233,462	233,240
Operations Division	199,020	9,850	51,490	260,360	248,657
Environmental Monitoring and Science Division[5]	225,813	-	61,054	286,867	299,531
Policy Management Office[6]	-	-	-	-	63,138
Climate Change Strategy Division[7]	-	-	-	-	49,662
Integrated Resource Management System Secretariat[6]	151,265	-	38,302	189,567	-
Other Executives					
Human Resources[8]	135,958	-	37,296	173,254	208,284
Communications[9]	133,754	3,762	38,103	175,619	154,557
Climate Change Office[10]					
Deputy Minister[4][10][11]	294,261	245	77,820	373,326	60,538
Assistant Deputy Ministers					
Implementation and Engagement[10]	200,405	-	51,555	251,960	40,191
Policy, Legislation and Evaluation[12][14]	149,321	-	38,782	188,103	-
Consultation and Stakeholder Engagement[13][14]	-	-	-	-	-
Other Executives					
Communications [15]	94,677	-	28,566	123,243	-

(1) Base Salary includes regular salary and earnings such as acting pay.
(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2017.
(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships, tuition fees and health spending benefit.
(4) Automobile provided, no dollar amount included in other non-cash benefits.
(5) Effective June 30, 2016, this position and the work carried out by the Alberta Environmental Monitoring, Evaluation and Reporting Agency (AEMERA) were transferred to the Environmental Monitoring and Science Division within the Department of Environment and Parks. The amounts reported are as if the position existed within the department effective April 1, 2016.
(6) The Policy Management Office was dissolved on January 1, 2016, and became the Integrated Resource Management System Secretariat. Costs for salary and benefits related to the Policy Management Office were shared with the Department of Energy which contributed its own share of the cost of salary and benefits.
(7) Effective February 2, 2016 the Climate Change Strategy Division was dissolved and the incumbent moved under the Climate Change Office.
(8) This position was occupied by two individuals at different times during the year. Effective date of change was October 17, 2016.
(9) This position was occupied by two individuals at different times during the year. Effective date of change was November 21, 2016.
(10) On February 2, 2016 the Climate Change Office was created to focus on the implementation the Climate Change Leadership Plan.
(11) This position was occupied by two individuals at different times during the year. Effective date of change was September 6, 2016.
(12) This position was occupied by two individuals at different times during the year. Effective date of the change was March 27, 2017.
(13) Effective March 27, 2017 the new Consultation and Stakeholder Engagement Division was created.
(14) No compensation or related payments were paid in the current year related to the March 27, 2017 appointments.
(15) This position was occupied by two individuals at different times during the year. Effective date of the change was July 4, 2016.

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2017

Schedule 7

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's consolidated financial statements. Related parties also include key management personnel in the department.

The department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The department had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2017	2016 (Restated)	2017	2016 (Restated)
Revenues				
Internal Government Transfers	$ 74,518	$ 78	$ 1,363	$ 1,462
Fees and Charges	-	-	13	6
	$ 74,518	$ 78	$ 1,376	$ 1,468
Expenses – Directly Incurred				
Grants	$ 5,674	$ 5,537	$ 1,133	$ 930
Other Services	-	-	12,101	13,626
Land Stewardship Fund	2,680	6,575	-	-
	$ 8,354	$ 12,112	$ 13,234	$ 14,556
Tangible Capital Assets Transferred In	$ -	$ -	$ 5,607	$ 24,845
Receivable from	$ 71,433	$ -	$ 2,742	$ 40,200
Payable To	$ -	$ -	$ 180	$ 2,252

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The department also had transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recognized in the financial statements and are allocated to programs in Schedule 8.

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO THE FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2017
(in thousands)

Schedule 8

	2017						2016
		Expenses – Incurred by Others					
Program	**Expenses [1]**	**Accommodation Costs [2]**	**Legal Services [3]**	**Business Services [4]**	**Water Management Infrastructure and Parks Maintenance**	**Total Expenses**	**Total Expenses (Restated)**
Ministry Support Services	$ 64,440	$ 5,534	$ 647	$ 1,379	$ -	$ 72,000	$ 75,066
Air	23,892	2,314	416	511	-	27,133	46,180
Land	46,022	4,897	999	985	-	52,903	58,243
Water	73,360	5,065	966	1,569	2,613	83,573	83,547
Fish and Wildlife	29,006	3,991	234	613	-	33,844	27,649
Integrated Planning	35,298	4,360	874	754	-	41,286	36,793
Parks	98,855	7,479	256	2,115	641	109,346	105,680
Climate Leadership Plan	58,884	1,560	103	1,260	-	61,807	-
Land Use Secretariat	4,699	285	113	100	-	5,197	6,316
Science and Monitoring	64,616	1,677	57	1,383	-	67,733	68,992
Quasi-Judicial Bodies	15,721	520	-	336	-	16,577	13,524
2013 Alberta Flooding	94,684	620	-	-	-	95,304	116,900
	$ 609,477	$ 38,302	$ 4,665	$ 11,005	$ 3,254	$ 666,703	$ 638,890

(1) Expenses – Directly Incurred as per Statement of Operations.
(2) Accommodation Costs, allocated by full time equivalent.
(3) Legal Services Costs, allocated by estimated costs incurred by each program.
(4) Business Services Costs, allocated by percentage of total costs incurred includes Administration for $10,776 (2016 - $10,778), Corporate Internal Audit Services (CIAS) for $52 (2016 - $58), Corporate Human Resources Learning for $178 (2016 - $123).

Climate Change and Emissions Management Fund

Financial Statements

Year Ended March 31, 2017

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Minister of Environment and Parks

Report on the Financial Statements

I have audited the accompanying financial statements of the Climate Change and Emissions Management Fund, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Climate Change and Emissions Management Fund as at March 31, 2017, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 6, 2017

Edmonton, Alberta

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
STATEMENT OF OPERATIONS
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual
	(in thousands)		
Revenues (Note 2(b))			
Facility Purchases of Fund Credits by Sector			
Mining, Oil and Gas Extraction	$ 36,800	$ 33,358	$ 88,608
Utilities	43,100	80,127	77,182
Manufacturing	8,700	17,278	17,442
Transportation and Warehousing	12,400	29,651	16,542
Investment Income	-	2,618	1,405
Other Revenue	-	21	-
	101,000	163,053	201,179
Expenses – Directly Incurred (Note 2(b) and Schedule 1 and 2)			
Administration	-	287	371
Climate Leadership Plan – Grants to Energy Efficiency Alberta	45,000	10,000	-
Climate Leadership Plan – Other Investments	175,000	71,393	-
Grants	-	33,000	7,000
	220,000	114,680	7,371
Annual Surplus	$ (119,000)	$ 48,373	193,808

The accompanying notes and schedules are part of these financial statements.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
STATEMENT OF FINANCIAL POSITION
As at March 31, 2017

	2017	2016
	(in thousands)	
Financial Assets		
Cash and Cash Equivalents (Note 3)	$ 505,338	$ 300,580
Accounts Receivable (Note 4)	16,181	68,105
	521,519	368,685
Liabilities		
Accounts Payable and Accrued Liabilities	104,461	-
	104,461	-
Net Financial Assets	417,058	368,685
Net Assets	$ 417,058	368,685
Net Assets at Beginning of Year	$ 368,685	$ 174,877
Annual Surplus	48,373	193,808
Net Assets at End of Year	$ 417,058	368,685

The accompanying notes and schedules are part of these financial statements.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual
		(in thousands)	
Annual Surplus	$ (119,000)	$ 48,373	$ 193,808
Increase in Net Financial Assets		48,373	193,808
Net Financial Assets at Beginning of Year		368,685	174,877
Net Financial Assets at End of Year		417,058	368,685

The accompanying notes and schedules are part of these financial statements.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
STATEMENT OF CASH FLOWS
Year ended March 31, 2017

	2017	2016
	(in thousands)	
Operating Transactions		
Annual Surplus	$ 48,373	$ 193,808
Decrease (Increase) in Accounts Receivable	51,924	(42,238)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	104,461	(5,000)
Cash Provided by Operating Transactions	204,758	146,570
Increase in Cash and Cash Equivalents	204,758	146,570
Cash and Cash Equivalents at Beginning of Year	300,580	154,010
Cash and Cash Equivalents at End of Year	$ 505,338	300,580

The accompanying notes and schedules are part of these financial statements.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 AUTHORITY AND PURPOSE

The Climate Change and Emissions Management Fund (CCEMF) operates under the authority of the *Climate Change and Emissions Management Act*, Chapter C-16.7, *Climate Leadership Act*, Chapter C-16.9, and the *Oil Sands Emissions Limit Act*, Chapter O-7.5.

The CCEMF may be used only for purposes related to reducing emissions of specified gases or supporting Alberta's ability to adapt to climate change including, without limitation, energy conservation, energy efficiency, demonstration and use of new technologies that emphasize reductions in specific gas emissions, capture or removal of specific gases from the atmosphere, measurement of natural removal and storage of carbon, climate change adaptation programs, education and outreach initiatives, and Government of Alberta costs in respect of activities related to reduce emissions. In June 2015, the Government of Alberta announced changes to the *Specified Gas Emitters Regulation* that increases required emission intensity reductions from 12% to 15% in 2016 and 20% in 2017, and price per tonne increased from $15 to $20 in 2016 and $30 in 2017. Emissions intensity is the ratio of annual greenhouse gas emissions to facilities' production for the same period.

The CCEMF operates as follows:

- Revenues in the CCEMF are primarily from purchases of fund credits ($15 per tonne up to 2015, $20 in 2016, and $30 in 2017) used in meeting net emissions intensity limits. Facilities can also make improvements to their operations, submit Alberta-based offsets or emission performance credits. Net emission intensity limit is the required emission intensity for the facility; this is set as the reduction target (12% in 2015, 15% in 2016, and 20% in 2017) below the approved baseline emission intensity.

- Emissions measurement involves the use of different methodologies including estimation techniques and use of emission factors. Such techniques can involve using equipment with varying degrees of precision. Use of different techniques and emission factors may produce different results.

- Management has provided guidance to facilities and verifiers in setting the quantification methodology, and the calculation and verification of emissions intensity. Every facility submitting a compliance report is required to have a third party verify the report. These verifications have needed to be at a reasonable assurance level since January 1, 2012.

Facilities that demonstrate that the emission reduction target has been met and improved upon may be eligible to request emission performance credits for the portion of the exceeded reduction.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the CCEMF for which the Minister of Environment and Parks is accountable. Other entities reporting to the minister are the Department of Environment and Parks, the Land Stewardship Fund, the Natural Resources Conservation Board, and Energy Efficiency Alberta. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

(b) Basis of Financial Reporting

Revenue
All revenues are reported on the accrual basis of accounting.

Facility Purchases of Fund credits
These revenues are measured from amounts assessed by management and from estimates of amounts not yet assessed based on cash and fund credit purchase information received from facilities that relates to compliance period ended December 31, 2016. Revenues also include adjustments resulting from reviews and audits of previous years' submissions.

Management has adopted a regulatory threshold on errors in emissions and production reported by facilities when calculating emissions intensity. This threshold requires facilities to correct and re-verify submissions where errors exceed the threshold. Management can require errors below the threshold to be corrected.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Amendments to the *Specified Gas Emitters Regulation* for the 2017 compliance year allow facilities producing certain products to opt in to the regulation. While estimates of resulting revenue are included for the January 1 to March 31, 2017 period ($900), the full extent of participation in this option is not yet known.

The accounts receivable include an estimate of $16,000 for the period January 1 to March 31, 2017 (2016 - $68,000) in these financial statements, are subject to measurement uncertainty. Management estimated this amount by using 2015 and 2016 emissions and production data, 2017 facility requirements, 2017 production, where available and potential compliance preferences of each facility.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Measurement Uncertainty (Cont'd)
(in thousands)

Preference for compliance mechanism of each facility is significantly influenced by regulations and includes changes in the price per tonne over time. Management has assessed a high likelihood that there will be increased usage of credits in the 2017 compliance year due to forward looking price changes and communicated government intention to restrict usage of credits in upcoming regulation for 2018 and onwards. For the 2017 period a 50 per cent probability was assigned to the use of the fund only for sites which have exclusively used the fund for compliance against 2013 and 2014. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts of assets and revenues reported. Actual results could vary by a material amount.

Completeness of Revenues from Facility Purchases of Fund Credits
Facilities submitting compliance reports are expected to understand and comply with the relevant legislation. This has an impact on the completeness of revenue when facilities do not fully meet the legislative requirements and, for example, report inaccurate or incomplete emissions or production data. Management has implemented systems and processes to detect and correct situations where facilities have not complied with the legislation. These systems and controls, based on areas of highest risk, include performing re-verifications of facility and offset project records.

Expenses
Expenses are those costs the CCEMF has primary responsibility and accountability for, as reflected in the Government's budget documents.

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amount can be made.

Valuation of Financial Assets and Liabilities
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Financial Assets
Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the CCEMF are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Accounts Receivable
Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities
Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

(c) Future Accounting Changes

The Public Sector Accounting Board issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosure required for related party transactions. PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; and PS 3380 defines and establishes disclosure standards on contractual rights.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) Future Accounting Changes (Cont'd)

- **PS 3450 Financial Instruments (effective April 1, 2019)**
  Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. The CCEMF has not yet adopted this standard and has the option of adopting in fiscal year 2019-20 or earlier.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2017, securities held by the Fund have a time-weighted return of 0.9% per annum (2016: 0.8% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2017	2016
Facility Purchases of Fund Credits by Sector		
Mining, Oil and Gas Extraction	$ 6,281	$ 27,900
Utilities	1,400	29,305
Manufacturing	3,200	5,900
Transportation and Warehousing	5,300	5,000
	$ 16,181	$ 68,105

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 COMPARATIVE FIGURES

Certain 2016 figures have been reclassified to conform to the 2017 presentation.

NOTE 6 APPROVAL OF FINANCIAL STATEMENTS

The deputy minister and senior financial officer approve these financial statements.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND *Schedule 1*

SCHEDULE TO FINANCIAL STATEMENTS

EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

Year ended March 31, 2017

	2017		2016
	Budget	**Actual**	**Actual**
	(in thousands)		
Supplies and Services	$ -	$ 287	$ 371
Grants	220,000	114,393	7,000
Total Expenses	$ 220,000	114,680	7,371

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND **Schedule 2**
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2017
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta's consolidated financial statements. Related parties also include key management personnel in the Fund.

The Fund had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry	
	2017	2016
Expenses – Directly Incurred		
Grants to Energy Efficiency Alberta	$ 10,000	$ -
Grants to the Department of Environment and Parks	71,393	-
Transfer to the Department of Environment and Parks	3	-
	$ 81,396	$ -
Payable to the Department of Environment and Parks	$ 71,396	$ -

Land Stewardship Fund

Financial Statements

Year Ended March 31, 2017

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Minister of Environment and Parks

Report on the Financial Statements

I have audited the accompanying financial statements of the Land Stewardship Fund, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Land Stewardship Fund as at March 31, 2017, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 6, 2017

Edmonton, Alberta

LAND STEWARDSHIP FUND
STATEMENT OF OPERATIONS
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual
	(in thousands)		
Revenues			
Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2(b) and 5)	$ 5,000	$ 2,680	$ 6,575
Investment Income	-	686	556
Other Revenue	-	175	1,025
	5,000	3,541	8,156
Expenses – Directly Incurred (Note 2(b), Schedules 1 and 2)			
Grants to the Department of Environment and Parks to Acquire Land	5,000	3,122	78
Grants to Land Trusts	10,000	10,562	5,888
Land Transaction Expenses	-	234	118
	15,000	13,918	6,084
Annual (Deficit) Surplus	$ (10,000)	$ (10,377)	2,072

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND
STATEMENT OF FINANCIAL POSITION
As at March 31, 2017

	2017	2016
	(in thousands)	
Financial Assets		
Cash and Cash Equivalents (Note 3)	$ 79,561	$ 80,131
Accounts Receivable	-	25
	79,561	80,156
Liabilities		
Accounts Payable and Accrued Liabilities	10,752	970
	10,752	970
Net Financial Assets	68,809	79,186
Net Assets	$ 68,809	$ 79,186
Net Assets at Beginning of Year	$ 79,186	$ 77,114
Annual (Deficit) Surplus	(10,377)	2,072
Net Assets at End of Year (Note 4)	$ 68,809	79,186

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual
		(in thousands)	
Annual (Deficit) Surplus	$ (10,000)	$ (10,377)	$ 2,072
(Decrease) Increase in Net Financial Assets		(10,377)	2,072
Net Financial Assets at Beginning of Year		79,186	77,114
Net Financial Assets at End of Year		68,809	79,186

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND
STATEMENT OF CASH FLOWS
Year ended March 31, 2017

	2017	2016
	(in thousands)	
Operating Transactions		
Annual (Deficit) Surplus	$ (10,377)	$ 2,072
Increase in Accounts Receivable	25	11,734
Increase (Decrease) in Accounts Payable and Accrued Liabilities	9,782	(4,200)
Cash (Applied to) Provided by Operating Transactions	(570)	9,606
(Decrease) Increase in Cash and Cash Equivalents	(570)	9,606
Cash and Cash Equivalents at Beginning of Year	80,131	70,525
Cash and Cash Equivalents at End of Year	$ 79,561	80,131

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The Land Stewardship Fund (the Fund) operates under the authority of the *Public Lands Act*, section 11.2(1) and was established effective April 1, 2010. The Fund has been set up to receive the proceeds from the sale of public land in Alberta. The funds can be used to purchase land for conservation and stewardship needs such as land for sensitive habitat, critical watersheds and conservation easements that better meet the Ministry of Environment and Parks' (the ministry) mandate. Further, under the authority of the *Alberta Regulation 31/2011 Public Lands Act,* Land Stewardship Fund, the Fund may be used to provide grants made by the Minister of Environment and Parks under the *Environment Grant Regulation (AR 182/2000)* to persons for the purchase of an estate or interest in land for conservation purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the ministry for which the Minister of Environment and Parks is accountable.

(b) Basis of Financial Reporting

Revenue
All revenues are reported on the accrual basis of accounting.

Deferred Revenue
Cash received for which goods or services have not been provided by year end is recognized as deferred revenue.

Government transfers
Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recognized as deferred revenue if the eligibility criteria of the transfer, or the stipulations together with the Fund's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the Fund complies with its communicated uses of these transfers.

All other government transfers, without terms for the use of the transfer, are recognized as revenue when the transfer is authorized and the Fund meets the eligibility criteria (if any).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the Fund are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) Future Accounting Changes

The Public Sector Accounting Board issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosure required for related party transactions. PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; and PS 3380 defines and establishes disclosure standards on contractual rights.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

- **PS 3450 Financial Instruments (effective April 1, 2019)**
  Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. The Fund has not yet adopted this standard and has the option of adopting in fiscal year 2019-20 or earlier.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2017, securities held by the fund have a time-weighted return of 0.9% per annum (2016: 0.8% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

NOTE 4 NET ASSETS

(in thousands)

The Net Assets for the Fund are capped at $150,000 in accordance with the *Land Stewardship Fund Regulation.*

NOTE 5 TRANSFER FROM THE DEPARTMENT OF ENVIRONMENT AND PARKS

Revenue received by the Department of Environment and Parks (the department) in payment for the sale of land inventory was transferred to the Fund according to the *Land Stewardship Fund Regulation.*

NOTE 6 COMPARATIVE FIGURES

Certain 2016 figures have been reclassified to conform to the 2017 presentation.

NOTE 7 APPROVAL OF FINANCIAL STATEMENTS

The deputy minister and senior financial officer approve these financial statements.

LAND STEWARDSHIP FUND **Schedule 1**
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual
	(in thousands)		
Supplies and Services	$ -	$ 234	$ 118
Grants	15,000	13,684	5,966
Total Expenses	$ 15,000	13,918	6,084

LAND STEWARDSHIP FUND **Schedule 2**
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2017
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta's consolidated financial statements. Related parties also include key management personnel in the Fund.

The Fund had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry	
	2017	**2016**
Revenues		
Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2(b) and 5)	$ 2,680	$ 6,575
Expenses – Directly Incurred		
Grants to the Department of Environment and Parks to Acquire Land	$ 3,122	$ 78

Natural Resources Conservation Board

Financial Statements

Year Ended March 31, 2017

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Members of the Natural Resources Conservation Board

Report on the Financial Statements

I have audited the accompanying financial statements of the Natural Resources Conservation Board, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Natural Resources Conservation Board as at March 31, 2017, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

May 23, 2017

Edmonton, Alberta

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF OPERATIONS
Year ended March 31

	2017		2016
	Budget	**Actual**	**Actual**
Revenues			
Government Transfers			
Transfer from the Department of Environment and Parks	$6,474,000	$5,674,000	$5,537,000
Investment Income	43,000	41,848	38,754
Other Revenue	1,000	3,967	1,946
	6,518,000	5,719,815	5,577,700
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)			
Board Reviews and Hearings	1,356,000	1,001,130	1,048,129
Regulating Confined Feeding Operations	5,162,000	4,485,220	4,387,234
	6,518,000	5,486,350	5,435,363
Annual Operating Surplus	-	233,465	142,337
Accumulated Surplus, Beginning of Year	3,395,101	3,395,101	3,252,764
Accumulated Surplus, End of the Year	$3,395,101	$3,628,566	$3,395,101

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31

	2017	2016
Financial Assets		
Cash and Cash Equivalents (Note 4)	$3,924,829	$3,703,186
Accounts Receivable	778	1,484
	3,925,607	3,704,670
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	381,595	331,952
Net Financial Assets	3,544,012	3,372,718
Non-Financial Assets		
Tangible Capital Assets (Note 7)	81,326	19,825
Prepaid Expenses	3,228	2,558
	84,554	22,383
Net Assets	$3,628,566	$3,395,101
Net Assets		
Accumulated Surplus (Note 9)	$3,628,566	$3,395,101

Contractual Obligations (Note 10)

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31

	2017		2016
	Budget	**Actual**	**Actual**
Annual Operating Surplus (Deficit)	$-	$233,465	$142,337
Acquisition of Tangible Capital Assets	(17,000)	(66,663)	(7,698)
Amortization of Tangible Capital Assets (Note 7)	30,000	5,162	12,892
Change in Prepaid Expenses		(670)	(1,006)
Increase in Net Financial Assets in the Year	13,000	171,294	146,525
Net Financial Assets, Beginning of Year	3,372,718	3,372,718	3,226,193
Net Financial Assets, End of Year	$3,385,718	$3,544,012	$3,372,718

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF CASH FLOWS
Year ended March 31

	2017	2016
Operating Transactions		
Annual Operating Surplus	$233,465	$142,337
Non-Cash Item:		
Amortization of Tangible Capital Assets (Note 7)	5,162	12,892
	238,627	155,229
Decrease in Accounts Receivable	706	570
Increase in Prepaid Expenses	(670)	(1,006)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	49,643	(18,707)
Cash Provided by Operating Transactions	288,306	136,086
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 7)	(66,663)	(7,698)
Cash Applied to Capital Transactions	(66,663)	(7,698)
Increase in Cash and Cash Equivalents	221,643	128,388
Cash and Cash Equivalents, Beginning of Year	3,703,186	3,574,798
Cash and Cash Equivalents, End of Year	$3,924,829	$3,703,186

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 AUTHORITY AND PURPOSE

The Natural Resources Conservation Board (NRCB) operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 (NRCBA). NRCB's mandate is to provide for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act*, Chapter A-7, RSA 2000 (AOPA) for the approval, monitoring and compliance of livestock confined feeding operations. The NRCB is exempt from income taxes under the *Income Tax Act*.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is Natural Resources Conservation Board. NRCB is controlled by and fully consolidated in the Ministry of Environment and Parks, for which the Minister of Alberta Environment and Parks is accountable. Inter-entity accounts and transactions between NRCB and any of the entities included in the ministry are eliminated upon consolidation within the ministry's financial statements.

(b) Basis of Financial Reporting

Revenues
All revenues are reported on the accrual basis of accounting.

Government Transfers
Transfers from the Government of Alberta are recognized as revenue when the transfer is authorized and the NRCB meets the eligibility criteria.

Government transfers and the associated externally restricted investment income are recognized as deferred capital contributions or deferred revenue if the eligibility criteria for use of the transfer, or the stipulations together with NRCB's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, NRCB complies with its communicated use of the transfer.

Investment Income
Investment income includes interest income and is recognized when earned.

Expenses
Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Directly Incurred

Directly Incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the government's budget documents.

Incurred by Others

Services contributed by other entities in support of NRCB's operations are not recognized and are disclosed in Note 11 and allocated to programs in Schedule 3.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The NRCB's financial assets and liabilities are generally measured as follows:

Financial Statement Components	Measurement
Cash and Cash Equivalents	Cost
Accounts Receivable	Lower Cost or Net Recoverable Value
Accounts Payable and Accrued Liabilities	Cost

The NRCB does not hold equities traded in an active market, nor does it engage in derivative contracts or foreign currency transactions. The NRCB is not exposed to remeasurement gains and losses and, consequently, a statement of remeasurement gains and losses is not presented.

Financial Assets

Financial assets are NRCB's financial claims on external organizations and individuals at the year end.

Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value.

Liabilities

Liabilities represent present obligations of the NRCB to external organizations and individuals arising from transactions or events occurring before the year end. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amount.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Liabilities also include:

- all financial claims payable by the NRCB at the year end; and
- accrued employee vacation entitlements.

Liability for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. Management has reviewed the accounting standard PS 3260 and has concluded that the NRCB does not have any liability for contaminated sites.

Non-Financial Assets

Non-financial assets are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets are recognized at historical cost. The threshold for capitalizing new tangible capital assets is $5,000. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer Hardware	Straight line – 3 years
Computer Software	Straight line – 2 to 3 years
Office Equipment	Declining balance – 20% per year
Office Furniture	Declining balance – 20% per year

Tangible capital assets are written down when conditions indicate that they no longer contribute to the NRCB's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations.

Prepaid Expense

Prepaid expense is recognized at cost and amortized based on the terms of the agreement.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies. The amounts recognized for amortization of tangible capital assets are based on estimates of the useful life of the related assets.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Pension Expense
The NRCB does not have sufficient plan information on the Government of Alberta multi-employer defined benefit pension plans to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recognized for the Government of Alberta multi-employer defined benefit pension plans is comprised of employer contributions to the plans that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plans' future benefits.

NOTE 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosures required for related party transactions; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2017, securities held by the fund have a time-weighted return of 0.9% per annum (2016 - 0.8% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

NOTE 5 FINANCIAL INSTRUMENTS

The NRCB has the following financial instruments: cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.

The NRCB has exposure to the following risks from its use of financial instruments:
(a) Liquidity Risk
Liquidity risk is the risk that the NRCB will encounter difficulty in meeting obligations associated with its financial liabilities. The NRCB does not consider this to be a significant risk as the NRCB collects government transfers quarterly to meet all obligations that arise during the year.

(b) Credit Risk
The NRCB is exposed to credit risk from potential non-payment of accounts receivable. As at March 31, 2017, there were no uncollectible receivable balances.

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Accounts Payable	$60,855	$37,318
Accrued Liabilities - Employee Benefits	320,740	294,634
	$381,595	$331,952

NOTE 7 TANGIBLE CAPITAL ASSETS

	2017					2016
	Computer Hardware	Computer Software	Office Equipment	Office Furniture	Total	Total
Historical Costs						
Beginning of year	$195,295	$13,742	$45,406	$201,785	$456,228	$449,170
Additions	46,779	19,884	-	-	66,663	7,698
Disposals, including write-downs	(630)	-	-	-	(630)	(640)
	241,444	33,626	45,406	201,785	522,261	456,228
Accumulated Amortization						
Beginning of year	188,453	13,742	41,754	192,454	436,403	424,151
Amortization expense	2,566	-	730	1,866	5,162	12,892
Effects of disposals including write-downs	(630)	-	-	-	(630)	(640)
	190,389	13,742	42,484	194,320	440,935	436,403
Net Book Value at March 31, 2017	$51,055	$19,884	$2,922	$7,465	$81,326	
Net Book Value at March 31, 2016	$6,842	$-	$3,652	$9,331	$19,825	$19,825

NOTE 8 BENEFIT PLANS

The NRCB participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP) and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $45,102 for the year ended March 31, 2017 (2016 - $85,470). The NRCB is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2016, MEPP reported a surplus of $402,033,000 (2015 - surplus $299,051,000), and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $50,020,000 (2015 - deficiency $16,305,000).

In addition, the NRCB sponsors a defined contribution pension plan for employees who are not eligible to participate in the government sponsored pension plans. The expense for this pension plan is $239,519 for the year ended March 31, 2017 (2016 - $241,155). Pension expense comprises the cost of employer contributions during the year.

NOTE 9 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2017			2016
	Investment in Tangible Capital Assets	Unrestricted Surplus	Total	Total
Balance at April 1, 2016	$19,825	$3,375,276	$3,395,101	$3,252,764
Annual Operating Surplus	-	233,465	233,465	142,337
Net Investment in Capital Assets	61,501	(61,501)	-	-
Balance at March 31, 2017	$81,326	$3,547,240	$3,628,566	$3,395,101

NOTE 10 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the NRCB to others that will become liabilities in the future when the terms of those contracts or agreements are met.

As at March 31, 2017, the NRCB had contractual obligations under operating leases and contracts totalling $232,114 (2016 - $81,500).

Estimated payment requirements for obligations under operating leases and contracts for each of the next three years are as follows:

2017-18	$124,065
2018-19	103,165
2019-20	4,884
Thereafter	Nil
	$232,114

NOTE 11 RELATED PARTY TRANSACTIONS

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel of the NRCB.

The NRCB and its employees paid certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this note.

The NRCB received $5,674,000 (2016 - $5,537,000) in net transfers from the Department of Environment and Parks. During the year, the NRCB paid $46,342 (2016 - $32,429) to various Government of Alberta departments and agencies for supplies and/or services. The Statement of Financial Position also includes $16,075 (2016 - $0) as payable to various government entities.

NOTE 11 RELATED PARTY TRANSACTIONS (Cont'd)

In addition, certain expenses for office space and parking incurred on behalf of the NRCB by the Department of Infrastructure are not reflected in the Statement of Operations. These expenses amount to $489,487 (2016 - $481,544) and are reflected in Schedule 3.

The NRCB has a Memorandum of Understanding (MOU) with the Alberta Energy Regulator (AER) and an MOU with the Alberta Utilities Commission (AUC) to share resources on an on-going basis. Under the MOUs, the NRCB is both a service provider and a service recipient.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE 12 BUDGET

The budget was included in the 2016-17 Government Estimates under the Ministry of Environment and Parks. The budget was approved by the Board on May 3, 2016.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements of the NRCB.

NATURAL RESOURCES CONSERVATION BOARD **Schedule 1**
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$5,464,500	$4,782,424	$4,833,813
Supplies and Services	1,023,500	698,764	588,658
Amortization of Tangible Capital Assets	30,000	5,162	12,892
	$6,518,000	$5,486,350	$5,435,363

NATURAL RESOURCES CONSERVATION BOARD
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year ended March 31, 2017

Schedule 2

	2017				2016
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Chair[4][5]	$174,071	$21,743	$35,452	$231,266	$232,094
Board Member A[6]	78,708	11,125	12,763	102,596	18,393
Board Member B[6][8]	59,094	8,164	12,960	80,218	-
Board Member C[6][7]	8,491	3,253	3,286	15,030	143,455
Board Member D[5][9]	-	-	-	-	117,881
CEO	200,863	9,700	55,631	266,194	270,627

(1) Base salary includes regular salary.
(2) Other cash benefits include health benefits, pay in lieu and vacation payouts. There were no bonuses paid in 2017 and 2016.
(3) Other non-cash benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, pension and supplementary retirement plans, RRSP, Non-Registered Savings Plan, health benefits, professional memberships, parking and WCB premiums. The NRCB is a participant in AER flexible health benefit plan.
(4) Automobile allowance included in other cash benefits.
(5) The position is 80% permanent part-time.
(6) The position is 60% permanent part-time.
(7) The position became vacant on April 29, 2016.
(8) The position took an unpaid leave of absence starting October 1, 2014 and returned to the NRCB on September 6, 2016. The board member resigned effective March 31, 2017.
(9) The term of the position expired on November 12, 2015.

NATURAL RESOURCES CONSERVATION BOARD **Schedule 3**
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2017

	2017			2016
AOPA and NRCBA Mandates	Expenses	Expenses incurred by others Office Costs [1]	Total Expenses	Total Expenses
Board Reviews and Hearings[2]	$1,001,130	$89,320	$1,090,450	$1,140,988
Regulating Confined Feeding Operations[3]	4,485,220	400,167	4,885,387	4,775,919
	$5,486,350	$489,487	$5,975,837	$5,916,907

(1) See Note 11, Related Party Transactions.
(2) Board reviews and hearings comprise expenses related to AOPA appeals and NRCBA reviews.
(3) Regulating confined feeding operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates.

Energy Efficiency Alberta

Financial Statements

Period October 27, 2016 to March 31, 2017

AUDITOR GENERAL
Alberta

Independent Auditor's Report

To the Board of Directors of Energy Efficiency Alberta

Report on the Financial Statements

I have audited the accompanying financial statements of Energy Efficiency Alberta, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, change in net financial assets, and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Energy Efficiency Alberta as at March 31, 2017, and the results of its operations, its changes in net financial assets, and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 5, 2017

Edmonton, Alberta

ENERGY EFFICIENCY ALBERTA
STATEMENT OF OPERATIONS
Period October 27, 2016 to March 31, 2017

	2017	
	Budget	**Actual**
	(in thousands)	
Revenues		
Grants from the Climate Change and Emissions Management Fund	$ 45,000	$ 10,000
	45,000	10,000
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)		
Energy Efficiency Initiatives	45,000	1,430
	45,000	1,430
Annual Operating Surplus	-	8,570
Accumulated Surplus at Beginning of Period	-	-
Accumulated Surplus at End of Period	$ -	$ 8,570

The accompanying notes and schedules are part of these financial statements.

ENERGY EFFICIENCY ALBERTA
STATEMENT OF FINANCIAL POSITION
As at March 31, 2017

	2017 (in thousands)
Financial Assets	
Cash and Cash Equivalents (Note 5)	$ 9,506
	9,506
Liabilities	
Accounts Payable and Accrued Liabilities	936
	936
Net Financial Assets	8,570
Net Assets	
Accumulated Surplus	$ 8,750

Contingent liabilities and contractual obligations (Notes 7 and 8)

The accompanying notes and schedules are part of these financial statements.

ENERGY EFFICIENCY ALBERTA
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Period October 27, 2016 to March 31, 2017

	2017	
	Budget	Actual
	(in thousands)	
Annual Surplus	$ -	$ 8,570
Increase in Net Financial Assets in the Period		8,570
Net Financial Assets at Beginning of Period		-
Net Financial Assets at End of Period		8,570

The accompanying notes and schedules are part of these financial statements.

ENERGY EFFICIENCY ALBERTA
STATEMENT OF CASH FLOWS
Period October 27, 2016 to March 31, 2017

		2017
		(in thousands)
Operating Transactions		
Annual Surplus	$	8,570
Increase in Accounts Payable and Accrued Liabilities		936
Cash Provided by Operating Transactions		9,506
Increase in Cash and Cash Equivalents		9,506
Cash and Cash Equivalents at Beginning of Period		-
Cash and Cash Equivalents at End of Period	$	9,506

The accompanying notes and schedules are part of these financial statements.

ENERGY EFFICIENCY ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 AUTHORITY AND PURPOSE

Energy Efficiency Alberta (EEA) is a provincial corporation established on October 27, 2016 and operates under the authority of the *Energy Efficiency Alberta Act*, Chapter E-9.7 of the Statues of Alberta, 2016.

The mandate of EEA is:

- To raise awareness among energy consumers of energy use and the associated economic and environmental consequences,
- To promote, design and deliver programs and carry out other activities related to energy efficiency,
- To promote energy conservation and the development of micro-generation and small scale energy systems in Alberta, and
- To promote the development of an energy efficiency services industry.

EEA is exempt from income taxes under the *Income Tax Act*.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is Energy Efficiency Alberta. EEA is controlled by and fully consolidated in the Ministry of Environment and Parks (the ministry), for which the Minister of Environment and Parks is accountable. Inter-entity accounts and transactions between EEA and any of the entities included in the ministry are eliminated upon consolidation within the ministry's financial statements.

(b) Basis of Financial Reporting

Revenue
All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue.

Government transfers
Transfers from all governments are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recognized as deferred capital contributions or deferred revenue if the eligibility criteria for use of the transfer, or the stipulations together with EEA's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, EEA complies with its communicated use of the transfer.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

All other government transfers, without stipulations for use of the transfer, are recognized as revenue when the transfer is authorized and EEA meets the eligibility criteria (if any).

Investment Income
Investment income is recognized in the period in which income is earned.

Expenses
Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Foreign exchange gains and losses are reflected within the cost of goods and services.

Valuation of Financial Assets and Liabilities
EEA's financial assets and financial liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Cost
Accounts payable and accrued liabilities	Cost

EEA does not have any financial instruments classified in the fair value category, and does not hold derivative contracts. As a consequence, these statements do not present a statement of remeasurement gains and losses as EEA is not exposed to remeasurement gains and losses.

Financial Assets
Financial assets are EEA's financial claims on other organizations, employees and other individuals, at the year end.

Cash and Cash Equivalents
Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Liabilities
Liabilities are present obligations of EEA to others arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits.

NOTE 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosure required for related party transactions; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 4 BUDGET

The budget was included in the 2016-17 Government Estimates under the Ministry of Environment and Parks.

NOTE 5 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of investments in high quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2017, securities held by the fund have a time-weighted return of 0.9% per annum. Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

NOTE 6 FINANCIAL RISK MANAGMENT

EEA has the following financial instruments: accounts payable and accrued expenses. EEA has exposure to the following risks from use of financial instruments:

(a) Credit Risk

Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. EEA conducts a significant amount of business through contracts. Credit risk on accounts receivable is considered low as amounts owing by third parties are usually immaterial and significant amounts owing are due from related parties.

(b) Liquidity Risk

Liquidity risk is the risk EEA will not be able to meet its obligations as they fall due. Liquidity risk is associated with EEA's financial liabilities. EEA's exposure to liquidity risk arises due to its cash flow requirements to fulfill payment of its account payable and accrued liabilities. EEA manages this risk by obtaining adequate funding from the Department of Environment and Parks.

NOTE 7 CONTINGENT LIABILITIES

At March 31, 2017, EEA was not named as defendant in any specific legal actions.

NOTE 8 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of EEA to others that will become liabilities in the future when the terms of the contracts or agreements are met.

		2017
Obligations Under Contracts:		
Service Contracts	$	64,473
	$	64,473

Estimated payment requirements for each of the next five years and thereafter are as follows:

		2017
Obligations Under Contracts:		
2017-18	$	48,212
2018-19		15,092
2019-20		1,169
2020-21		-
2021-22		-
Thereafter		-
	$	64,473

NOTE 9 APPROVAL OF FINANCIAL STATEMENTS

The Board and Chief Executive Officer approve the financial statements of EEA.

ENERGY EFFICIENCY ALBERTA
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DETAILED BY OBJECT
Period October 27, 2016 to March 31, 2017

Schedule 1

	2017	
	Budget	**Actual**
	(in thousands)	
Supplies and Services	$ -	$ 1,430
Grants	45,000	-
	$ 45,000	1,430

ENERGY EFFICIENCY ALBERTA **Schedule 2**
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Period October 26, 2017 to March 31, 2017

	2017			
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total
Board of Directors				
Chair[4]	$ -	$ 5,639	$ -	$ 5,639
Board Members[4]	-	28,696	-	28,696
Executive				
CEO[5]	-	-	-	-

(1) No base salaries provided in 2017.
(2) Other cash benefits include honoraria payments.
(3) Other non-cash benefits include professional memberships and tuitions fees.
(4) The board was appointed by the Lieutenant Governor in Council by Order in Council O.C. 286/2016. The effective date of the appointments was October 27, 2016 and will expire on April 27, 2018. Remuneration and expenses of the Board are prescribed as that specified in Schedule 1, Part A of the Committee Remuneration Order.
(5) The position was vacant for the 2016-17 fiscal year. After successful recruitment in March 2017 the position will be filled effective April 10, 2017.

ENERGY EFFICIENCY ALBERTA **Schedule 3**
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Period October 27, 2016 to March 31, 2017

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's consolidated financial statements. Related parties also include key management personnel in EEA.

EEA had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	2017	
	Entities in the Ministry	Other Entities
	(in thousands)	
Revenues		
Grants from Climate Change and Emissions Management Fund	$ 10,000	$ -
Payable to		
Department of Environment and Parks	$ 37	-

Other Information

Ministry of Environment and Parks
Unaudited Statement of Remissions, Compromises and Write-offs
Year Ended March 31, 2017

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

The Remission under Section 21 of the *Financial Administration Act*		$ -
Compromises Under Section 22 of the *Financial Administration Act*		-
Write-offs:		
Departmental Accounts Receivable	91,374	
Department Accounts Payable Credits	-	
Total Write-offs		91,374
Total Remissions, Compromises and Write-offs		$ 91,374

Statutory Report

Public Interest Disclosure Act

Section 32 of the *Public Interest Disclosure Act* requires the ministry to report annually on the following parts of the Act:

(a) The number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;

(b) The number of investigations commenced by the designated officer as a result of disclosures;

(c) In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

There was one disclosure of wrongdoing filed with the Public Interest Disclosure Office for the Alberta Environment and Parks department between April 1, 2016 and March 31, 2017. As the disclosure dealt with more than just the GoA (another organization subject to the Act), the file was referred to the Office of the Public Interest Commissioner. The investigation conducted found that no wrongdoing occurred.

There were no disclosures of wrongdoing filed with the Public Interest Disclosure Office for the Alberta Climate Change Office between April 1, 2016 and March 31, 2017.